



**CABINET  
AGENDA**  
for the meeting  
on  
21 February 2022 at  
6.30 pm

**To: Croydon Cabinet Members:**

Councillor Hamida Ali, Leader of the Council  
Councillor Stuart King, Deputy Leader (Statutory) and Cabinet Member for Croydon Renewal  
Councillor Muhammad Ali, Cabinet Member for Sustainable Croydon  
Councillor Janet Campbell, Cabinet Member for Families, Health & Social Care  
Councillor Alisa Flemming, Cabinet Member for Children, Young People & Learning  
Councillor Patricia Hay-Justice, Cabinet Member for Homes  
Councillor Oliver Lewis, Cabinet Member for Culture & Regeneration  
Councillor Manju Shahul-Hameed, Cabinet Member for Communities, Safety and Business Recovery  
Councillor Callton Young OBE, Cabinet Member for Resources & Financial Governance

Invited participants: All other Members of the Council

A meeting of the **CABINET** which you are hereby summoned to attend, will be held on **Monday, 21 February 2022 at 6.30 pm in Council Chamber, Town Hall, Katharine Street, Croydon CR0 1NX**

Katherine Kerswell  
London Borough of Croydon  
Bernard Weatherill House  
8 Mint Walk, Croydon CR0 1EA

Democratic Services  
democratic.services@croydon.gov.uk  
www.croydon.gov.uk/meetings  
11 February 2022

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## AGENDA – PART A

### 1. **Apologies for Absence**

### 2. **Disclosure of Interests**

Members and co-opted Members of the Council are reminded that, in accordance with the Council's Code of Conduct and the statutory provisions of the Localism Act, they are required to consider **in advance of each meeting** whether they have a disclosable pecuniary interest (DPI), an other registrable interest (ORI) or a non-registrable interest (NRI) in relation to any matter on the agenda. If advice is needed, Members should contact the Monitoring Officer **in good time before the meeting**.

If any Member or co-opted Member of the Council identifies a DPI or ORI which they have not already registered on the Council's register of interests or which requires updating, they should complete the disclosure form which can be obtained from Democratic Services at any time, copies of which will be available at the meeting for return to the Monitoring Officer.

Members and co-opted Members are required to disclose any DPIs and ORIs at the meeting.

- Where the matter relates to a DPI they may not participate in any discussion or vote on the matter and must not stay in the meeting unless granted a dispensation.
- Where the matter relates to an ORI they may not vote on the matter unless granted a dispensation.
- Where a Member or co-opted Member has an NRI which directly relates to their financial interest or wellbeing, or that of a relative or close associate, they must disclose the interest at the meeting, may not take part in any discussion or vote on the matter and must not stay in the meeting unless granted a dispensation. Where a matter affects the NRI of a Member or co-opted Member, section 9 of Appendix B of the Code of Conduct sets out the test which must be applied by the Member to decide whether disclosure is required.

The Chair will invite Members to make their disclosure orally at the commencement of Agenda item 3, to be recorded in the minutes.

### 3. **Urgent Business (If any)**

To receive notice of any business not on the agenda which in the opinion of the Chair, by reason of special circumstances, be considered as a matter of urgency.

### 4. **Accommodating Asylum Seekers in Croydon (Pages 7 - 30)**

Cabinet Member: Leader of the Council, Councillor Hamida Ali

Officer: Interim Corporate Director Children, Young People & Education,  
Debbie Jones  
Key decision: No

**5. Period 9 Financial Performance Report (Pages 31 - 58)**

Cabinet Member: Cabinet Member Resources & Financial Governance,  
Councillor Callton Young OBE  
Officer: Interim Corporate Director Resources, Richard Ennis  
Key decision: No

**6. Delivering the Croydon Growth Zone (Pages 59 - 90)**

Cabinet Member: Cabinet Member for Culture & Regeneration,  
Councillor Oliver Lewis  
Officer: Interim Corporate Director Sustainable Communities,  
Regeneration & Economic Recovery, Sarah Hayward  
Key decision: Yes

**7. Investing in our Borough (Pages 91 - 130)**

Cabinet Member: Cabinet Member Resources & Financial Governance,  
Councillor Callton Young  
Officer: Interim Corporate Director Resources, Richard Ennis  
Key decision: No

a) **Arboricultural Services (Pages 131 - 154)**

Cabinet Member: Cabinet Member for Sustainable Croydon, Councillor  
Muhammad Ali  
Officer: Interim Corporate Director for Sustainable Communities,  
Regeneration & Business Recovery, Sarah Hayward  
Key decision: Yes

b) **Corporate Cleaning and Security Services Contract (Pages 155 - 180)**

Cabinet Member: Cabinet Member for Homes, Councillor Patricia Hay  
Justice and Cabinet Member Resources & Financial Governance,  
Councillor Callton Young  
Officer: Interim Corporate Director Resources, Richard Ennis  
Key decision: Yes

c) **Asset Disposal Strategy (Pages 181 - 214)**

Cabinet Member: Deputy Leader and Cabinet Member for Croydon  
Renewal, Councillor Stuart King and Cabinet Member Resources &  
Financial Governance, Councillor Callton Young  
Officer: Interim Corporate Director Resources, Richard Ennis  
Key decision: Yes

**8. Exclusion of the Press and Public**

The following motion is to be moved and seconded where it is proposed to exclude the press and public from the remainder of a meeting:

“That, under Section 100A(4) of the Local Government Act, 1972, the press and public be excluded from the meeting for the following items of business on the grounds that it involves the likely disclosure of exempt information falling within those paragraphs indicated in Part 1 of Schedule 12A of the Local Government Act 1972, as amended.”

**PART B AGENDA**

**9. Arboricultural Services (Pages 215 - 226)**

Cabinet Member: Cabinet Member for Sustainable Croydon, Councillor Muhammad Ali

Officer: Interim Corporate Director for Sustainable Communities, Regeneration & Business Recovery, Sarah Hayward

Key decision: Yes

**10. Corporate Cleaning and Security Services Contract (Pages 227 - 234)**

Cabinet Member: Cabinet Member for Homes, Councillor Patricia Hay Justice and Cabinet Member Resources & Financial Governance, Councillor Callton Young

Officer: Interim Corporate Director Resources, Richard Ennis

Key decision: Yes

**11. Asset Disposal Strategy (Pages 235 - 272)**

Cabinet Member: Deputy Leader and Cabinet Member for Croydon Renewal, Councillor Stuart King and Cabinet Member Resources & Financial Governance, Councillor Callton Young

Officer: Interim Corporate Director Resources, Richard Ennis

Key decision: Yes

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# Agenda Item 4

<b>REPORT TO:</b>	<b>CABINET</b> <b>21<sup>st</sup> FEBRUARY 2022</b>
<b>SUBJECT:</b>	<b>Accommodating Asylum Seekers in Croydon</b>
<b>LEAD OFFICER:</b>	<b>Katherine Kerswell - Chief Executive</b> <b>Debbie Jones - interim Corporate Director, Children,</b> <b>Young People and Education Directorate</b>
<b>CABINET MEMBER:</b>	<b>Leader of the Council</b> <b>Councillor Hamida Ali</b>
<b>WARDS:</b>	<b>All</b>

## **SUMMARY OF REPORT**

Following the Afghan evacuation at the end of August 2021 in early September the Home Office commissioned the Hilton Hotel on Purley Way as bridging accommodation for adults and children until it was decommissioned in mid-October 2021 and residents relocated to a hotel out of the borough.

For several years the Home Office has commissioned hotels in Croydon to provide both initial and longer term accommodation for single adults and families seeking asylum, with an estimated 200-300 residents accommodated at any one time. However over the summer of 2021 further hotels were commissioned by the Home Office rapidly increasing the number of asylum seekers accommodated in the borough to over 900 people at the end of December 2021. No additional funding is provided to local authorities as a result of these unplanned and unannounced placements by the Home Office.

The council is expected to lead and co-ordinate essential safeguarding and compliance activity to ensure people in the hotels are in an appropriate and safe living environment. A significant proportion are children of school age for whom the council has a responsibility to secure school places, despite the fact that families may be moved out of the borough at very short notice. No funding is provided to local authorities to provide these services.

Young people placed by the Home Office as adults who then dispute their initial age assessments has resulted in their coming into the council's care as children whilst the proper legal processes following the disputed age claims are completed.

Following lengthy negotiations with the Department for Education, Home Office and Department for Levelling Up and Communities a grant award of £2.357m was secured in August 2021 to address the substantial, additional and disproportionate costs falling to the council in 2021-22 as a result of the location of Lunar House in the borough. Financial modelling shows that a budget gap of £997,000 remains in 2021-22 and is currently forecast at £2.911m in 2022-23 and £2.356m in 2023-24.

Croydon continues to operate with significant financial challenges. The capitalisation direction loan means the council has to deliver on its Medium Term Financial Strategy (MTFS) to make savings of £51.239m in 2022-23 and £10.840m in 2023-24.

The Leader and Cabinet Member for Children, Young People and Learning have written to the Home Secretary to raise concerns about the funding arrangements for the Croydon's Unaccompanied Asylum Seeking Children and highlighting the forecast gap in funding over 2022-24 and asking that government review the impact of the decision to commission five hotels housing asylum seekers in Croydon and consider a more balanced distribution of any future commissions across the region.

**POLICY CONTEXT:**

This report aligns to the following Croydon Renewal Plan priorities:

- We will live within our means, balance the books and provide value for money for our residents.
- We will tackle ingrained inequality and poverty and tackling the underlying causes, such as structural racism, environmental injustice and economic injustice
- We will focus on providing the best quality core service we can afford. First and foremost, providing social care services that keep our most vulnerable residents safe and healthy.

**FINANCIAL IMPACT:**

At the end of November 2021 the forecast budget pressure for unaccompanied asylum seeking children and care leavers is:

2021-22	£997,000
2022-23	£2.911m
2023-24	£2.356m

**KEY DECISION: N/A**

The Leader of the Council has delegated to the Cabinet the power to make the decisions set out below.

**RECOMMENDATIONS:**

Cabinet is recommended to:

1. Note the rapid increase in asylum seekers placed by the Home Office in the borough in recent months with the resulting pressure on council and NHS services and the estimated financial impact for the council.
2. Note the forecast budget pressures for 2021-24 due to the disproportionate number of asylum seeking children and young people the council continues to care for.



3. Note the serious concerns on the reported shortcomings in health protection and environmental health in the hotels in Croydon, which are being used as medium term accommodation for families and individuals in premises that were not designed as accommodation for so many people for such long periods of time.
4. Note that the Leader and Cabinet Member for Children, Young People and Learning have written to the Secretary of State to raise serious concerns about the funding arrangements for unaccompanied asylum seeking children and young people alongside the rapidly increased number of asylum seekers placed in the borough.

## **1. Background**

- 1.1 Croydon Council has welcomed asylum seeking adults, children and young people to the borough over many years. However the location of Lunar House in the borough as a point of entry to the UK for asylum seekers has resulted in Croydon taking care responsibility for a disproportionate number of unaccompanied children and young people for many years. Following robust internal scrutiny of the financial modelling and lengthy negotiations with the DFE, Home Office and DLUCH in August 2021 a one off grant of £2.357m was awarded to the council to address the forecast budget gap as reported to cabinet on 21<sup>st</sup> August 2021.
- 1.2 The financial model is refreshed each month to capture changes in numbers, or children's ages. At 18 the grant rate from the Home Office drops significantly, from £1,701 per week to meet the costs of care to £270 per week. This is a particular issue for Croydon. The high numbers of children over several years means that 64% of care leavers were formerly unaccompanied children. As at December this was 438 young people out of 670.
- 1.3 Over the summer of 2021 additional hotels were commissioned by the Home Office leading to a rapid increase in number of single adults and families with children accommodated in the borough. Our work with London Councils indicates that the Home Office has placed the largest number of asylum seekers in Croydon compared to our regional neighbours. No funding is provided to local authorities to provide essential services required as a result of these unplanned and unannounced placements by the Home Office.
- 1.4 Croydon continues to operate with significant financial challenges. The capitalisation direction loan means the council has to deliver on its Medium Term Financial Strategy (MTFS) to make savings of £51.239m in 2022-23 and £10.84m in 2023-24. The additional service and financial pressures on the council are therefore unsustainable.

## **2. Afghan resettlement scheme**

- 2.1 On 29 December 2020 the Defence Secretary and Home Secretary announced the Afghan Relocation and Assistance Policy (ARAP) to offer relocation or other assistance to current and former locally employed staff in Afghanistan. The ARAP scheme launched on 1 April 2021, remains open and will operate indefinitely. People eligible for ARAP have the automatic opportunity to apply for indefinite leave to remain in the UK.
- 2.2 Following the fall of Kabul at the end of August 2021 the Home Office quickly commissioned hotels across the country to provide bridging accommodation for adults and children evacuated whilst permanent arrangements were put in place. The Hilton Hotel Purley Way was commissioned as a bridging hotel for 47 adults and children who arrived over 4<sup>th</sup> – 5<sup>th</sup> September 2021 following a period of quarantine. This was a relatively small number compared to other London boroughs.
- 2.3 Given the speed of the relocation little practical support was mobilised in advance and a great deal of co-ordination activity took place across the Council and its health partners with the Department for Work and Pensions, the Home Office, the DFE and with Croydon's voluntary and community sector lead organisations to quickly respond to needs. ESOL provision, support from and links with local children's centres and most importantly health screening sessions were quickly put in place. Officers from the early help service and education had begun to liaise with local schools to put support in place to induct school age children into learning, although longer term planning was hampered by the lack of clarity on the timeframe for children's residency in the borough before permanent living arrangements were secured and families moved.
- 2.4 With the relatively small cohort in Croydon the Home Office took the decision to decommission the accommodation and on 18<sup>th</sup> October residents were relocated to another bridging hotel in Hertfordshire. Officers from the council and our health partners worked closely with central government officials to ensure as smooth a transition as possible, including the transfer of health records.
- 2.5 In December 2021 Local Authority funding arrangements for wrap around support and education provision under the ARAP scheme were confirmed. Croydon was allocated £21,274 for the support for early years and school age children during their brief time at the hotel.

## **3. Adults, families and children seeking asylum**

- 3.1 For a number of years the Home Office has commissioned three hotels in the borough as initial accommodation centres. The costs of accommodation, subsistence and 'front of house' services are included in a contract between the Home Office and a commissioned provider.

- 3.2 Initial accommodation centres are hostels or lodgings for people who have asked for asylum and do not have funds to support themselves. The accommodation is short-term housing that can be full-board, half-board or self-catering. It is usually in a hostel-type environment and is for asylum seekers who need accommodation urgently, before their support applications have been fully assessed and longer-term accommodation can be arranged. The amount of time people stay in initial accommodation can vary before moving onto dispersal accommodation
- 3.3 Dispersal accommodation is longer-term temporary accommodation managed by accommodation providers on behalf of the Home Office. People seeking asylum will normally be able to stay in dispersal accommodation until their asylum claim has been fully determined although it is not always possible to stay in the same property
- 3.4 In September 2021 the Home Office commissioned another large hotel to provide initial accommodation, and despite a verbal commitment from senior officials that given Croydon's financial challenges no new hotels would be commissioned by October 2021 a further 4 were added to the estate in the borough bringing this to a total of 8.
- 3.5 Following representations from officers three of the smaller hotels were decommissioned in early December 2021. Nevertheless over 900 adults and children are currently accommodated in the borough across five hotels.

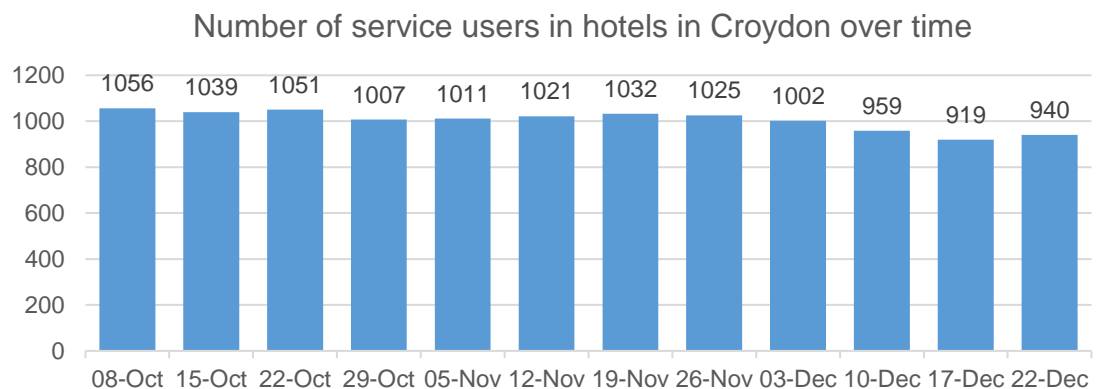


Figure 1

- 3.6 Data is shared with the council by the accommodation provider on a weekly basis. A snapshot of the data provided for 22<sup>nd</sup> December 2021 showed:
- 73% of the cohort or 688 people were male, 27% or 252 were female
  - 22% were under 18, a total of 209 children of whom 66 were under 5, 74 aged 5-10 and 69 aged 11-17
  - No first language information was available for 595 people, over half of the cohort. Figure 2 below summarises the most frequently reported first language for the remaining 345 people

First language as at 22/12/21  
(Does not include 595 people where language is unknown)

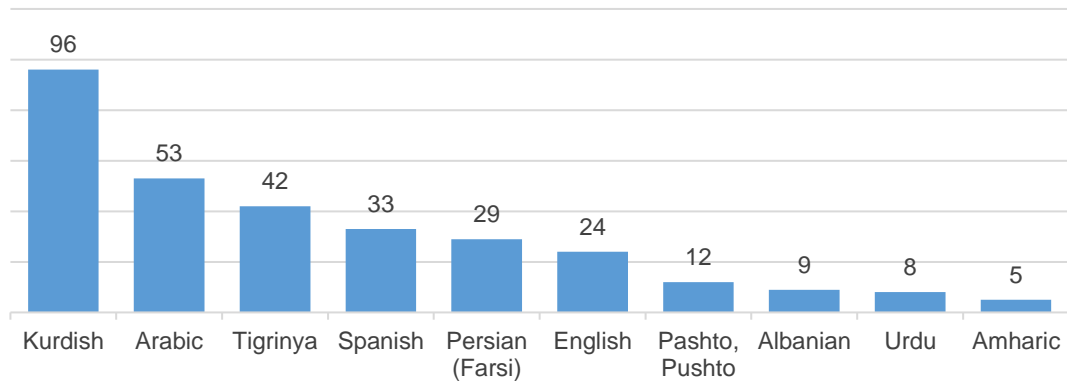


Figure 2

## 4. Implications for Croydon

### 4.1 Impact on the service users

- 4.1.1 To share intelligence and co-ordinate responses a weekly strategy group including senior health commissioners and providers along with officers from across the council was quickly established. An immediate priority was health screening to identify people with pre-existing conditions or unmet needs and a vaccination and immunisation programme including for Covid-19. A number of women in need of urgent pre and post natal care were identified in this way.
- 4.1.2 In Croydon a dedicated team in the NHS supports homeless residents and asylum seekers. Routinely the Rainbow Centre is funded to support around 250 asylum seekers in the Croydon. Since the crisis in Kabul, in August 2021, the Centre has been providing medical support for about 1,000. the increase of 750 refugees has placed immense pressure on the service.
- 4.1.3 To be able support the influx of asylum seekers and provide assessment of people's immediate health and care needs during their residence and protect people from the risks of COVID-19, the Rainbow Centre has employed locum GPs and nurses. Following national guidance funding is available, for the care of the additional refugees, for actual spend, up to a maximum of £51 per asylum seeker per month, and is claimed quarterly by the NHS.
- 4.1.4 Regular meetings with staff from Croydon Refugee and New Communities Forum have also taken place to share intelligence and ensure that concerns and issues raised by hotel residents with the Forum feed into the strategic meetings with the Home Office.
- 4.1.5 Strategic meetings chaired by the interim Corporate Director Children, Young People and Education, the Director of Public Health (DPH) and senior officers have been established with the Home Office commissioners and the

accommodation provider. A number of significant issues have been raised directly in these meetings in recent months:

- The hotels are not being used for the purpose that they are designed for. There are now many people including families with small children being accommodated in this way for many months, with concerns about the appropriateness of this type of accommodation being used this way.
- Over several months there have been a range of concerns about food hygiene and infestations reported by service users which led to the council's environmental health team making a number of visits to inspect premises - most recently about an ongoing cockroach infestation in one hotel.
- A long standing covid outbreak in one hotel since 17th December 2021, which the Director of Public Health has been regularly reviewing. On 28th January 2022 the Director of Public Health convened a multi-agency incident management meeting with the providers, UKHSA and members of her team and environmental health to review what actions could be further put in place.
- Following reports of children possibly being cared for by unrelated adults children's services staff have visited to review safeguarding arrangements and seek assurance on private fostering arrangements.
- Ongoing concerns for both children and adults on the risk of radicalisation. The Council arranged Prevent training for hotel staff.
- Concerns around the heightened risk of domestic abuse with many adults and children confined in small spaces. Tackling violence against women and girls training for hotel staff provided by a VCS organisation in partnership with the council.
- Families experiencing difficulty in accessing places for school-aged children. At the end of January 2022 91 school age children in the two largest hotels had been offered a school place and 80 had started school. However practical challenges such as travel costs, funding for free school meals and suitable clothing are barriers to children attending school.
- Additional vulnerabilities of this cohort of people, the majority of whom will have arrived in the UK through the perilous small boat route. There are individuals with trauma and mental health issues in accommodation that can be subject to change at very short notice.
- Personal safety concerns. In November a concealed weapon was found outside one of the hotels. Until firm assurances on safety have been received council staff are no longer delivering ESOL classes on site.
- The dispersal process is opaque to all working in the local authority, in the NHS and in the voluntary and community sector. The Home Office have been asked to avoid moving families with children in school but this has continued to happen, at times with very short notice to families.
- Access to the clinic based at Croydon University Hospital is challenging for people with mobility issues or placed some distance away as

resident do not have cash for travel costs. The turnover of residents is also impacting on continuity of care for service users.

- There has been significant turnover in staffing across the five hotels. This makes it very difficult to establish working relationships and coordinate wrap around support.
- Although the Home Office is the commissioner of the provision the Council is often perceived as responsible for the quality, for resolving concerns raised by the local community and voluntary sector and for providing services for which no additional funding is provided as it is for health needs.

4.1.6 A safeguarding assurance meeting has been established to enable the council to hold to account the Home Office as the commissioner of the hotels alongside the provider for the arrangements to safeguard vulnerable adults and children. This is to ensure that the statutory directors for children's and adults' services can be assured that robust, safe systems and processes are in place and to offer training and support to hotel staff as appropriate under Croydon's safeguarding partnership arrangements.

4.1.7 Some people have been accommodated in these contingency hotels since September 2021. Concerns have been raised by London DPHs that this may represent a material change of use to hostel or house of multiple occupation designation. DPHs are working with planning colleagues to consider the implications for local authorities' regulatory powers.

4.1.8 The in-year admissions team has worked extremely hard to work with staff based at the hotels to co-ordinate applications for school places for primary age children where the council is the admissions authority, and to support families to apply directly for secondary school places. There are places available for primary aged children in the north of the borough and headteachers have been very supportive of admitting children. However, the uncertainty on families' length of stay is having a real impact. One primary school has had 19 in-year applications from families since September 2021. Of these:

- 6 withdrew their applications as they had moved before they were offered a place
- 1 started school then moved out of borough two days later
- 1 was too old, her date of birth was recorded incorrectly by the HO
- 11 had started school

4.1.9 Schools' funding is reliant on the number of children on roll on an annual census day. Whilst there may be capacity to offer a place the turnover of children means there is no mechanism to ensure that schools are properly funded to teach children who join after the census date.

4.1.10 Families often have very few possessions and schools have reported that children do not have suitable outdoor clothing or where needed, uniforms. Free school meals are funded by the government for children in families seeking asylum but there can be delays in schools' accessing funding.

4.1.11 Utilising Household Support Funds schools who have asylum-seeking children residing in local hotels enrolled by March 2022 will be provided with a one off payment to enable them to provide:

- a free school meal every school day for each child (not eligible for free school meal funding) for 21 weeks
- a school uniform grant of £40 per primary school pupil or £80 per secondary school pupil

Funds will be transferred to schools by spring half term.

4.1.12 Local community and voluntary sector organisations have made strong representations to the council to provide practical support to families. Officers are working closely with the Refugee Day Centre to support school admissions, and will bring together local organisations and faith groups to encourage a co-ordinated approach to support on the ground.

4.1.13 Whilst it is the responsibility of the local authority to secure school places for children living in the borough the temporary nature of the accommodation presents a real challenge. As can be seen from one primary school's experience families have been moved by the Home Office before places can be taken up and even when children have started at school, which will be very unsettling for some children. At the same time schools are having to provide continuous induction for children and then manage the impact on the wider school community when children and their families are moved out of the borough.

## 4.2 Financial impact on the council

4.2.1 While Croydon stands ready to support those in need the current distribution across the region is having a disproportionate impact on the council.

4.2.2 The Home Office's commissioning of a significant number of hotels within the borough impacts on the emergency temporary accommodation available to the Council to fulfil its statutory homelessness duties. This also potentially impacts on the Council's business continuity and emergency planning resilience.

### **Young people disputing their initial age assessment**

4.2.3 On arrival at the south coast young people have been assessed as either children or adults by Home Office-employed social workers using a short age assessment tool. This has been subject to a judicial review brought on behalf of two young people to challenge the validity and accuracy of these assessments which was upheld on 19<sup>th</sup> January 2022.

4.2.4 The full implications of the ruling will take some time to work through, but is likely to be helpful because, like many other councils, Croydon has seen a

sharp increase in the numbers of young people placed by the Home Office as adults disputing the initial age assessment. Whilst social workers provide appropriate professional challenge in most cases it has been judged that the age dispute has to be given proper consideration and during this time the young person is entitled to come into care as a child.

- 4.2.5 Since October 2021 12 young people have come into the council's care from a hotel and this number is expected to increase as the asylum seeker population in the borough continues to turnover. With the National Transfer Scheme (NTS) for unaccompanied children now mandatory children are being referred for transfer to councils below the NTS threshold. 7 such transfers have taken place. However, the council incurs the costs of care pending the transfer including the allocation of a social worker and independent reviewing officer, placement with a foster carer and support to attend education.

### **Disproportionate costs of unaccompanied children and care leavers**

- 4.2.6 The financial settlement by the DFE and Home Office in respect of the disproportionate costs of unaccompanied asylum seeking children and care leavers in 2021-22 was based on financial modelling that assumed no new entrants to Croydon's care until numbers had declined to 0.07% of the child population. Future modelling will need to reflect the additional costs over the course of Croydon's care responsibilities for under 18s and for care leavers over the lifetime of the MTFS.
- 4.2.7 The financial modelling is refreshed on a monthly basis to reflect the actual number of under 18s and the number of care leavers and their entitlement to government grant support a former unaccompanied children.
- 4.2.8 Based on data at the end of November 2021 the forecast pressure for 2021-22 is £997,000. Over the next two years the modelling forecasts the following budget pressures:
- 2022-23 £2.911m
  - 2023-24 £2.356m
- 4.2.9 The variance against the 2021-22 pressure of £2.357m reported to cabinet in August 2021 is due to an increased number of care leavers not entitled to grant funding support whose care costs therefore have to be met in full by the council.
- 4.2.10 To meet the forecast pressure additional savings would need to be found on top of the existing, ambitious MTFS savings of £4.294m in 2022/23 and £2.296m in 2023/24 already agreed in Children, Families and Education.
- 4.2.11 As set out in the report to cabinet in August 2021 the only option for additional savings from April 2022 would be to end agency contracts across the directorate. The advice from the statutory Director of Children's Services remains that this level of in-year reductions would result in the council being



unable to discharge its statutory duties to all children and families in the borough, and that services would be unsafe.

### **Additional unfunded costs for asylum seekers placed in the borough**

4.2.12 Whilst the council has no control over the Home Office placements services and teams have been mobilised to provide practical support and oversight. It is difficult to assess precise additional costs a snapshot of activities over September to November 2021 has resulted in the following summary:

<b>Service area</b>	<b>Details</b>	<b>Estimated costs Sept. – Nov 2021</b>
Children's social care	Estimated staff costs for age enquiry interview by two social workers and an interpreter  Foster care at average cost of £58 per night	14,550
Early help/early years	Officer time to advise on access to early years provision  Early help support and advice on safeguarding	1,590
Education, in-year admissions	Officer time to liaise with hotel staff, headteachers  Co-ordinate applications	2,070
Environmental health	Hygiene inspections and follow up meetings	840
Adult social care	3 cases triaged for support	20
ESOL	Estimated costs of delivery  Management support and assessments	2,080
<b>Total</b>		<b>£21,150</b>

Table 1

### **Modelled longer term costs**

4.2.13 Public health analysts have estimated additional costs to the council for six months based on an assumption of the level of need for single adults and families and based on the estimated time required for initial engagement, case management, action planning and liaison. The estimated costs do not include costs to environmental health, early years provision or school admissions.

No. of Individuals	Complexity	Casework hours needed	Estimated cost
500	Low	1500 ( 3 hours average)	£102,300.00
100	Medium	550 (5.5 hrs average)	£30,250.00
100	Medium/High	1500 ( 15 hours average)	£82,500.00
200	High	5500 (27 hours average)	£302,500.00
<b>Total</b>		<b>9410</b>	<b>£517,550.00</b>

Table 2

4.2.14 Whilst these additional costs are estimates of the financial impact it is clear that despite the Home Office view that the commissioned provision meet all residents' needs this is demonstrably not the case. Hotel residents have raised persistent issues with the local VCS community and the council and its NHS partners have had no choice but to step in where safeguarding, environmental and personal safety concerns have been brought to our attention.

4.2.15 Following the rapid expansion local residents, faith and community groups and Croydon's refugee and new communities support groups have raised concerns with ward councillors alongside or on behalf of hotel residents.

4.2.16 Earlier this month the Leader and Cabinet Member for Children, Young People and Learning wrote to the Home Secretary requesting that government review the impact of the decision to commission five hotels housing asylum seekers in Croydon, and consider a more balanced distribution of any future commissions across the region. Neighbouring boroughs such as Bromley, Sutton and Merton have far fewer placed.

4.2.17 The letter also highlights that the current distribution is having a disproportionate impact on Croydon, particularly when taken alongside the equally disproportionate number of unaccompanied asylum seeking children and young people cared for by the council.

## 5. PRE-DECISION SCRUTINY

5.1 Scrutiny Children and Young People Scrutiny Committee reviewed and challenged the assumptions included in the financial modelling of the budget pressure for unaccompanied children and young people at the committee meeting on 18<sup>th</sup> January 2022.

## 6. CONSULTATION

6.1 Consultation and engagement has taken place with staff who provide support and care for unaccompanied children, including social work staff, independent reviewing officers, the fostering service and foster carers.

- 6.2 The Children Looked After service will work with EMPIRE and the children in care council to ensure children's wishes and feelings inform and influence the approach to any change should this be required.

## **7. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS**

- 7.1 Modelling of the net costs to Croydon of looking after Unaccompanied Asylum Seeking Children under 18 years of age and Care Leavers, aged 18 to 25 years old has been undertaken for the medium term of 2021-24. This modelling is based on the number of children and young people in Croydon's care and has been shared with and scrutinised by central government officials.
- 7.2 The cost of UASC above budget has not been factored into the MTFs for future years and will be an ongoing cost to the Council which will need to be met from service spend reductions either within the department or elsewhere in the Council.
- 7.3 Approved by: Richard Ennis, Interim Director of Finance, Investment & Risk and S151 Officer.

## **8. LEGAL CONSIDERATIONS**

- 8.1 An Unaccompanied Asylum Seeking Child (UASC) is a child who has applied for asylum in the United Kingdom and who, at the time of submitting the application for asylum, is under the age of 18, is not being cared for by an adult who has responsibility to do so, and is separated from both parents. This includes children who may have been relocated to the United Kingdom under a resettlement scheme (e.g. under section 67 of the Immigration Act 2016 ("the 2016 Act")), as well as those who arrive in the United Kingdom by other means. Unaccompanied asylum seeking children should ordinarily be granted temporary leave to remain for either a period of 30 months or until the child is 17 and a half years old, whichever is shorter, in any event in recognition that the child is unable to be returned to their home country until they reach adulthood.
- 8.2 On 1 July 2016 the Government implemented a National Transfer Scheme (NTS), underpinned by provisions in the Immigration Act 2016; with the aim of establishing a fairer and more equitable distribution of unaccompanied asylum seeking children across local authorities in the UK. At the same time as implementing the NTS the Government increased the National Funding Rates for new unaccompanied asylum seeking children and Care Leavers, which brought the National Rates into line with the 'Gateway Authority' rates. The scheme is designed to ensure an even distribution of unaccompanied asylum seeking children across LAs nationally. Under the NTS, where an

unaccompanied child first presents in a Local Authority which already has over 0.07% UASC to child population, the Local Authority is able to arrange for the transfer of the child. Despite earlier aspirations the NTS has not resulted in all local authorities sharing responsibility to help support and care for unaccompanied asylum seeking children. On 23 November the Minister for Safe and Legal Migration, Kevin Foster wrote to all local authorities with children's services across the UK to inform them of the government's intention to temporarily mandate the National Transfer Scheme.

- 8.3 Pursuant to the Children Act 1989 ("the 1989 Act") local authorities such as the Council are subject to various statutory duties to support children in need within their areas. This includes, inter alia, a duty under section 20(1) of the 1989 Act to accommodate children in need who appear to require accommodation as a result of:
- a. there being no person who has parental responsibility for them;
  - b. them being lost or having been abandoned; or
  - c. the person who has been caring for the child being prevented (for whatever reason) from providing him or her with suitable accommodation or care.
- 8.4 Section 20(3) of the 1989 Act further requires that local authorities must provide accommodation for any children in need who reach the age of 16 and whose welfare the local authority considers is likely to be seriously prejudiced if they are not provided with accommodation.
- 8.5 The immigration status of unaccompanied asylum seeking children means that local authorities such as the Council will ordinarily owe them a duty under section 20 of the 1989 Act, in addition to other children in need already resident in the local area, at least while their applications for asylum fall to be determined. The support provided will include, for example:
- a. accommodation, either in foster care (for under 16s) or shared accommodation (for 17 – 18 year olds);
  - b. allocation of social workers; and
  - c. assistance and admissions to local schools and colleges.
- 8.6 The legal duties of local authorities in respect of unaccompanied asylum seeking children also continue after they reach the age of 18. This means that whilst a number of children leave the children in care system each year, and therefore the Council receives less funding, they continue to be provided with services due to being formerly looked-after children.
- 8.7 If a decision is made to breach the Council's legal duties arising from the pressure being placed on the council's ability to discharge its statutory duties to all children and families in Croydon; to provide help and protection to children in need and safe effective services to all children in care and care leavers, then the role of the Monitoring Officer in such circumstances is set out in section 5 of the Local Government and Housing Act 1989. The Monitoring Officer is required under section 5(2) to prepare a report in

circumstances where an action, omission or decision leads to the Council operating outside its statutory duties.

- 8.8 In relation to any period of time that the Council operates outside its statutory duties, it will face legal risk, no matter how valid the reasons for its current circumstances. This is because the statutory duties are not optional and not transferable. Therefore, and there is no doubt that this period would need to be time limited.
- 8.9 In order for the Monitoring Officer to undertake a report to Council under S5, all legal opportunities should be exhausted before such report and any further legal diligence. Therefore, the Monitoring Officer will seek to ensure that the Council returns to lawfulness as quickly as possible and therefore any action will be time limited.
- 8.10 On 19 January 2022, the High Court handed down judgment in the case of *R (MA and HT) v Secretary of State for the Home Department* [2022] EHC 98 (Admin) in which it was ruled that Home Office guidance for social workers assessing the age of young people arriving in Kent is unlawful. Mr Justice Henshaw found that the decision not to implement a *Merton* compliant age assessment was unlawful. He also found that the detention of the two claimants at the Kent Intake Unit (KIU) was unlawful due to the flawed age assessments. On 14 January 2022, in advance of the hand-down of this judgment, the Home Secretary withdrew the KIU Social Worker Guidance. The Home Office is also applying for permission to appeal the decision.
- 8.11 Hundreds of unaccompanied young people arriving on UK shores have been detained by the government in a facility called the Kent Intake Unit (KIU) for the purposes of carrying out a “short” age assessment, since Kent County Council stopped taking them into care in September 2020. The Home Office recruited its own social workers to carry out these age assessments at the KIU if they were of the view that the individual claiming to be a child was potentially an adult. The assessments generally lasted no more than an hour, and there would not be an appropriate adult present to support the young person, as is policy during age assessments by children’s services. If judged to be over the age of 18, the asylum seeker was referred on to adult accommodation, usually hotels.
- 8.12 Mr Justice Henshaw found that the age-assessment process was “inherently unlawful in the sense that it lacks essential safeguards”, and that deciding to detain young people for an age assessment, and assessing them immediately upon arrival, was also unlawful.
- 8.13 The Home Office said its Guidance has been withdrawn because there was no longer a need for social workers at the KIU to undertake abbreviated age assessments following the Home Office’s decision in its overarching age assessment guidance on 14 January 2022 to change the threshold that its immigration officials can apply to age disputed cases. That change means that where there is doubt over whether a person is a child or an adult, in the absence of documentary evidence, Home Office staff can treat a claimant as

an adult, without further consideration of their age, if their physical appearance and demeanour very strongly suggest that they are ‘significantly over 18’ - and where two officers have reached this conclusion independently. However, Parliament’s joint committee on human rights (JCHR) warned in a recent report that the Home Office’s decision to lower the threshold for age assessments to 18 raises risks of wrongly identifying a child as an adult and unlawfully detaining a child in immigration detention. The committee warned this would mean they would not be entitled to support and accommodation under the Children Act and may potentially be placed into unsafe accommodation with inadequate safeguarding.

- 8.14 In its response to the ruling, the Home Office also pointed to its planned reforms to age assessments through the current Nationality and Borders Bill. This would “widen the evidence base for social workers to consider when making assessments and lead to better informed decisions”. This includes the introduction of ‘scientific’ measures to assess an asylum-seeking person’s age if it is in dispute, such as “examining or measuring parts of a person’s body” and “analysis of saliva, cell or other samples”. The JCHR said it was “not convinced there was any justification for the use of scientific methods” and that they “may not improve the accuracy of decision-making when compared to a holistic assessment undertaken by a social worker”. “A holistic assessment would avoid the use of any physical (and potentially invasive) procedures which may not be appropriate and may even cause trauma depending on the nature of the procedure and the experience of the individual concerned,” it added.
- 8.15 There has been much media coverage of the recent court ruling in the *MA* and *HT* case. It remains to be seen how the Home Office will fully respond to this court ruling and which further legal developments or guidance may arise as a result of this in due course.
- 8.16 Approved by Petrena Sharpe, Interim Head of Social Care & Education Law

## **9. HUMAN RESOURCES IMPACT**

- 9.1 There are no direct human resource implications arising from this report. Whilst the reports sets out the Council’s aim to reduce the number of unaccompanied children by 2023/24 which is likely to have an impact on the number of staff needed to deliver the service, it is a long term ambition that can be managed through natural attrition with no/minimal impact on permanent staff. Where relevant, the normal HR policies and procedures will be applied.
- 9.2 Approved by: Debbie Calliste, Head of HR for Children, Families and Education on behalf of the Director of Human Resources

## 10. EQUALITIES IMPACT

- 10.1 This report supports the Council's priority to tackle ingrained inequality and poverty and tackling the underlying causes, such as structural racism, environmental injustice and economic injustice. The report also builds on the work that the Council has historically undertaken to support individuals fleeing from persecution.
- 10.2 The Council has a statutory duty, when exercising its functions, to comply with the provisions set out in the Sec 149 Equality Act 2010. The Council must, in the performance of its functions, therefore have due regard to:
- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
  - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
  - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 10.3 In order to comply with Section 149, it is the Council's duty to ensure that children who are seeking asylum are afforded the same services and care as children already living in the United Kingdom.
- 10.4 This report identifies that no data is kept on a number of characteristics. This means that we are unable to ascertain if the children seeking asylum will be impacted by change by virtue of the characteristic that they hold. It is likely that child asylum seekers will be unable to seek support privately and individually in the same manner that children in the UK are able to do. It is also likely that potential language barriers or potential lack of access to digital information and communication will further exasperate this issue.
- 10.5 It is recommended that an action plan be put in place to further increase the collection of data by equality characteristics. There is a legitimate purpose to collect this data in that the purpose of collecting is to ensure that no discrimination takes place.
- 10.6 An Equality Analysis has been undertaken to assess the impact on children with protected characteristics. Analysis of the cohort as at 10<sup>th</sup> January 2022 shows that 83% of the unaccompanied children in Croydon's care were male. All of the children are from black or minority ethnic backgrounds, with 18 nationalities represented. The significant representations are 32% from Afghanistan, 20% from Albania and 25% from Vietnam. Any change in provision will have a disproportionate impact on children with these protected characteristics although this report makes no recommendations for change.

10.7 Approved by Gavin Handford, Director of Policy, Strategy and Partnerships.

## 11. ENVIRONMENTAL IMPACT

11.1 There is no environmental impact arising from this report.

## 12. CRIME AND DISORDER REDUCTION

12.1 There is no crime and disorder impact arising from this report.

## 13. DATA PROTECTION IMPLICATIONS

### 13.1 WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?

NO

### 13.2 HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?

NO

13.3 The interim Corporate Director Children, Young People and Education comments that there are no data protection impacts arising from this report.

Approved by **Debbie Jones**, interim Corporate Director

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**CONTACT OFFICER:** *Debbie Jones, interim Corporate Director Children, Young People and Education*

## APPENDICES

1. Summary of changes to the financial modelling to forecast the unfunded costs of unaccompanied children and young people – November 2020 – 10<sup>th</sup> January 2022

## 2. BACKGROUND DOCUMENTS – LOCAL GOVERNMENT ACT 1972

1. Report to Cabinet, 16<sup>th</sup> August 2021

<https://democracy.croydon.gov.uk/documents/b9149/Addendum%20-%20Item%206%2016th-Aug-2021%2018.30%20Cabinet.pdf?T=9>



2. Home Office Guidance Living in Asylum Accommodation, 2019

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/821324/Pack A - English - Web.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/821324/Pack_A_-_English_-_Web.pdf)

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## Appendix 1

### Summary of changes to the financial modelling to forecast the unfunded costs of unaccompanied children and young people, November 2020 – January 2022

#### 1. 13<sup>th</sup> January 2022

Updated assumptions

- Refreshed the model resulting in the number of cases given in the table below
- The 21-22 pressure is after receiving the grant of £2.357
- The comparable pressure is therefore £3.334m. (977k + £2.357m)

Number of children and young people	2021/22	2022/23	2023/24	Total
<18	146	127	66	
>18 Eligible	363	322	260	
>18 Not Eligible	26	36	30	
<b>Net cost £'000s</b>	<b>977</b>	<b>2,911</b>	<b>2,356</b>	<b>6,244</b>

#### 2. 21<sup>st</sup> July 2021

- Refreshed following line by line review of care leavers by LBC/DfE on 20/7/21
- Updated assumptions:
  - Reduction of 27 children to the care of other local authorities – actual agreed
  - Reduction of the numbers of care leavers not eligible for grant funding to 26
  - Re-profiled revenue costs of the age-assessment team to the Home Office from August 2021
  - An assessment of the costs of care for 0.07% of the child population, modelled through into 18-25 year old care leavers

Assuming a reduction of 27 UASC and no new entrants	2021/22	2022/23	2023/24	Total
<18	164	74	66	
>18 Eligible	358	373	274	
>18 Not Eligible	26	36	45	
<b>Net cost £'000s</b>	<b>2,357</b>	<b>2,713</b>	<b>2,079</b>	<b>7,149</b>

### 3. 8<sup>th</sup> July 2021

- Revised number of eligible care leavers, previously understated
- Applying the impact of the care leavers' grant uplift from 01/04/21
- Shared at CEX meeting with DGs 08/07/21
- Shared at CEX meeting with Director-level officers 15/07/21

Scenario: a reduction of 40 UASC and no new entrants	2021/22	2022/23	2023/24	Total
<18	191	87	66	
>18 Eligible	351	322	237	
>18 Not Eligible	97	95	85	
<b>Net cost £'000:</b>	<b>4,129</b>	<b>3,573</b>	<b>2,262</b>	<b>9,964</b>

\*12 months only \*\*Team includes 4 FTE

### 4. May 2021

- Model adjusted to profile the age assessment team income across 2021/22
- Additional £22K for refreshments at Lunar House
- Shared at follow up meeting with HO, DFE, MHCLG 19<sup>th</sup> May 2021

Scenario: reduction of 40 UASC and no new entrants	2021/22	2022/23		Total
			2023/24	
< 18	170	81	66	
>118	476	522	509	
<b>Net cost £'000:</b>	<b>4,571</b>	<b>4,646</b>	<b>4,061</b>	<b>13,278</b>

### 5. April 2021

- Based on 170 children and 476 care leavers
- Included in the briefing to the Improvement and Assurance Panel, April 2021
- Financial forecast model discussed in a workshop chaired by the DfE with LBC and Home Office attendees, 28<sup>th</sup> January 2021

The modelling and projections were refreshed to reflect the practical support and actions agreed with London boroughs, Home Office and DfE:

- Croydon takes no new arrivals into its care
- **£622,000** to second the age-assessment team to the Home Office for 2021-22
- **£182,000** for the costs of the duty service
- Transfer of out borough children's placements to the host LA. An estimated reduction of **30 out of the 86 children placed out of borough**
- Transfer through the NTS of children already in Croydon's care. An estimated reduction of **10 children in Croydon's care.**

Scenario: reduction of 40 UASC and no new entrants	2021/22	2022/23	2023/24	Total
< 18	170	81	66	N/A
> 18	476	522	509	
<b>Net cost £'000:</b>	<b>4,292</b>	<b>4,738</b>	<b>4,084</b>	<b>13,114</b>

**6. November 2020**

- Based on 249 children and 495 care leavers as at 30/09/20
- Shared at a meeting at Director-level meeting with DfE, Home Office and MHCLG on 17<sup>th</sup> November 2020
- Included in the briefing to ALDCS on 22<sup>nd</sup> March 2021

<b>Scenario: no new entrants</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
<b>Net cost</b>	7,475	5,397	6,384	<b>6,749</b>
<b>Cumulative cost over 2020/24</b>	<b>7,475</b>	12,872	19,256	<b>26,005</b>
<b>Cumulative cost over 2021/24</b>		<b>5,397</b>	<b>11,781</b>	<b>18,530</b>

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<b>REPORT TO:</b>	<b>Cabinet</b> <b>21st February 2022</b>
<b>SUBJECT:</b>	<b>Financial Performance Report – Month 9 (December 2021)</b>
<b>LEAD OFFICER:</b>	<b>Richard Ennis, Interim Corporate Director of Resources (Section 151)</b>
<b>CABINET MEMBER:</b>	<b>Councillor Callton Young OBE Cabinet Member for Resources and Financial Governance</b>  <b>Councillor Stuart King, Deputy Leader (Statutory) and Cabinet Member for Croydon Renewal</b>

**SUMMARY OF REPORT:**

This report provides the Council's annual forecast as at Month 9 (December 2021) for the Council's General Fund (GF), Housing Revenue Account (HRA) and the capital programme. The report forms part of the Council's financial management process of publically reporting financial performance against its budgets on a monthly basis.

**FINANCIAL IMPACT**

The Month 9 position is currently indicating a net underspend of £1.814m against budget – this represents a £0.565m favourable movement against the Month 8 forecast. This is before taking into account further risks and risk mitigations. In total, £3.055m (Month 8 £12.257m) of further risks are identified but there are £2.725m (Month 8 £11.452m) of potential opportunities to mitigate the risk, these are set out in the body of the report. Section 3 details these risks and risk mitigations and further discusses the impact on the General Fund if these were to materialise.

The HRA is indicating an over spend of £1.725m (Month 8 £1.634m) against budget. This overspend is further detailed within Section 5 of the report.

**1. RECOMMENDATIONS to Cabinet:**

- 1.1 Note the General Fund is projecting a net favourable movement of £0.565m from Month 8. Service directorates are indicating a net £1.236m overspend (Month 8 £2.203m) but this is projected to be netted off against £3.050m underspend within the corporate budget.
- 1.2 Note that a further number of risks and compensating opportunities may materialise which would see the forecast year-end variance change and these are reported within Section 3 of this report.
- 1.3 Note the Housing Revenue Account (HRA) is projecting a £1.725m (Month 8 £1.634m) overspend for 2021/22. If no further mitigations are found to reduce this overspend the HRA will need to drawdown reserves from HRA balances. There are sufficient balances to cover this expenditure.

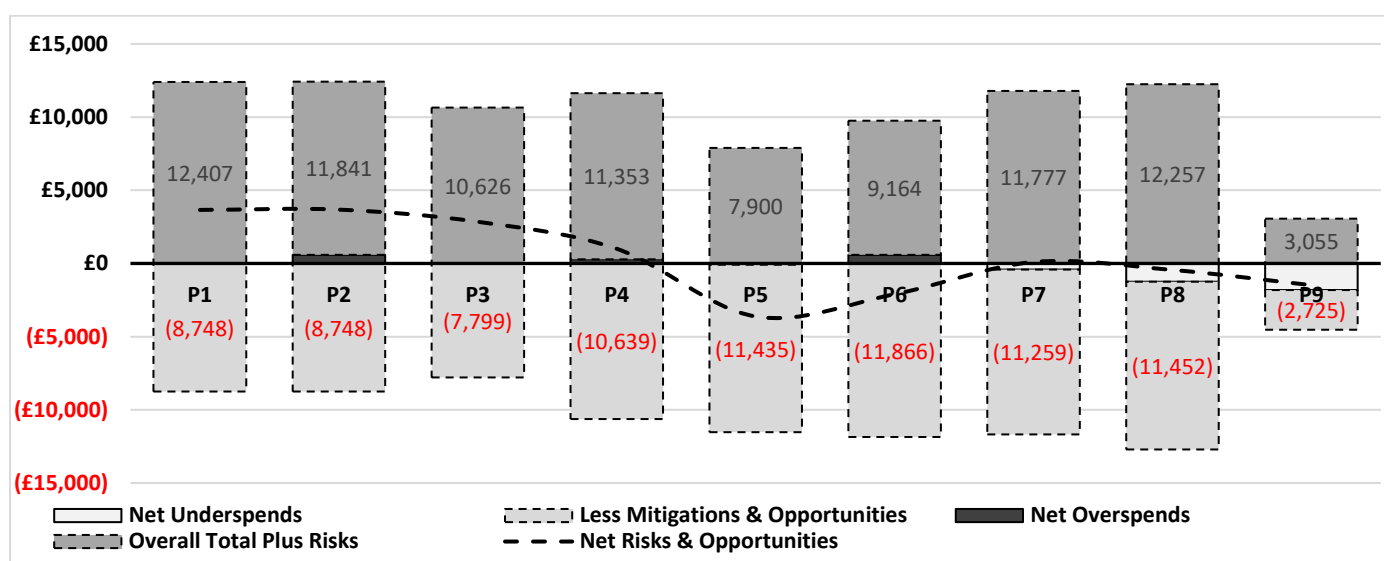
- 1.4 Note the capital spend to date for the General Fund of £51.394m (against a budget of £190.581m) and for the HRA of £10.147m (against a budget of £183.209m), with a projected forecast variance of £60.101m on the General Fund against budget and £113.039m forecast variance against budget for the Housing Revenue Account;
- 1.5 Note, the above figures are predicated on forecasts from Month 9 to the year end and therefore could be subject to change as forecasts are refined and new and updated information is provided on a monthly basis. Forecasts are made based on the best available information at this time.
- 1.6 Note that whilst the Section 114 notice has formally been lifted, the internal controls established as part of the S114, such as the Spend Control Panel and Social Care Placement Panels remain. Restrictions have been lifted for ring-fenced accounts such as the Pension Fund, Housing Revenue Account and Coroner's Expenditure as these are directly outside of the General Fund's control. The Spending Control Panel which was set up at the beginning of November 2020 continues to meet on a twice daily basis.
- 1.7 Note that, Croydon Borough has taken on c1000 asylum seekers who have been placed in eight hotels by the Home Office without consultation with the Council. The hotel costs are funded by the Home Office, however the Council is responsible for further ancillary services particularly around safeguarding, public health, children & youth provision and broader community support. These additional costs, which are currently being calculated have been flagged within the unquantified risks section of this report, and could clearly result in further financial pressures for the Council.

## **2. EXECUTIVE SUMMARY**

- 2.1. The Financial Performance Report (FPR) is presented to each Cabinet meeting and provides a detailed breakdown of the Council's financial position and in year challenges it faces. It covers the GF, HRA and capital programme and ensures there is transparency in our financial position, enables scrutiny by both Members and the public, and offers reassurance regards to the commitment by Chief Officers to more effective financial management and disciplines
- 2.2. The General Fund revenue projected outturn forecast has improved by £0.565m from a forecast underspend position of £1.248m in Month 8. There are a further set of risks and opportunities, which indicate a net risk of £0.330m (risks £3.055m and opportunities of £2.725m), but not yet sufficiently developed to be included in the outturn forecast. Should these materialise it will have a negative impact on the forecast.
- 2.3. The chart below illustrates the trend in the monthly monitoring reports and shows both the forecast as well as quantum of risks and opportunities together with the impact should all risks and opportunities fully materialise (dashed line). The trend indicates the Council will deliver within its budget plan.



## Monthly Forecast, Risk & Opportunity Tracker



- 2.4. The Month 9 forecast incorporates detailed work to stress test Risks and Opportunities and to ensure these are now firmed up as we approach financial year end. All risks and opportunities that we know have materialised have now been included within the forecast and only items that have a good confidence level have been included within this report and forecast.
- 2.5. The Housing Revenue Account is forecasting an overspend of £1.725m (an increase of £0.091m on the Month 8 forecast of £1.634m). This projected variance impacts on HRA reserves rather than GF reserves.
- 2.6. The capital programme for both the General Fund and HRA is reporting expenditure to date of £61.541m against overall budget of £373.790m, with a forecast underspend of £173.140m.
- 2.7. The 2020/21 financial year was a very difficult year for the Council. The Council issued two Section 114 notices as the Council had insufficient resources to meet it's in year expenditure pressures.
- 2.8. Since 8<sup>th</sup> March 2021 the S114 notice has been lifted as the Council received confirmation of a Capitalisation Direction from MHCLG of up to £70m for 2020/21 and MHCLG (Now DLUHC) were minded to fund £50m for 2021/22. The latter allowed the 2021/22 budget to be set.
- 2.9. The Council has had the benefit of a number of recommendations from various stakeholders and scrutiny panels such as the external auditor's Report in the Public Interest and the Non-statutory Rapid Review by MHCLG. Their recommendations have been taken on board and the Croydon Renewal Plan has been developed which will over the medium term financial strategy period restore the Council's finances, improve culture and practices and develop a more effective system of internal control amongst other improvements to the Council.

- 2.10. As of 26<sup>th</sup> January 2022 the Council's external auditors, Grant Thornton issued a second Report in Public Interest report in relation to capital expenditure on Fairfield Halls. Whilst this report indicates significant governance and financial management breakdowns in the past, the report will not result in additional financial costs to the Council. The report provided for 12 recommendations that the Council has begun work on and these recommendations will be included within the Council Renewal Plan.
- 2.11. This report forms part of the reporting framework on the delivery of the Croydon Renewal Plan by ensuring the delivery of the council's budget is reported monthly and transparently.
- 2.12. The Council is still working with the external auditors on finalising the 2019/2020 audit of accounts. However the 2020/2021 Outturn has now been presented to Cabinet on 12<sup>th</sup> July 2021 based around their findings and the draft accounts have also been published for 2020/2021.

### 3. FINANCIAL POSITION

- 3.1. The FPR shows that the Council is forecast to have a General Fund net underspend variance of £1.814m – a favourable movement of £0.565m on the net forecast reported at Month 8.
- 3.2. Directorate teams and Finance colleagues meet monthly to review the forecast position for each area and including risks to reduce any overspends and identify further options to mitigate these. A list of Risks and Opportunities are provided within various tables within this section.
- 3.3. The forecast outturn position of the General Fund is shown below in Table 1.

**Table 1 – Month 9 Projection per Directorate**

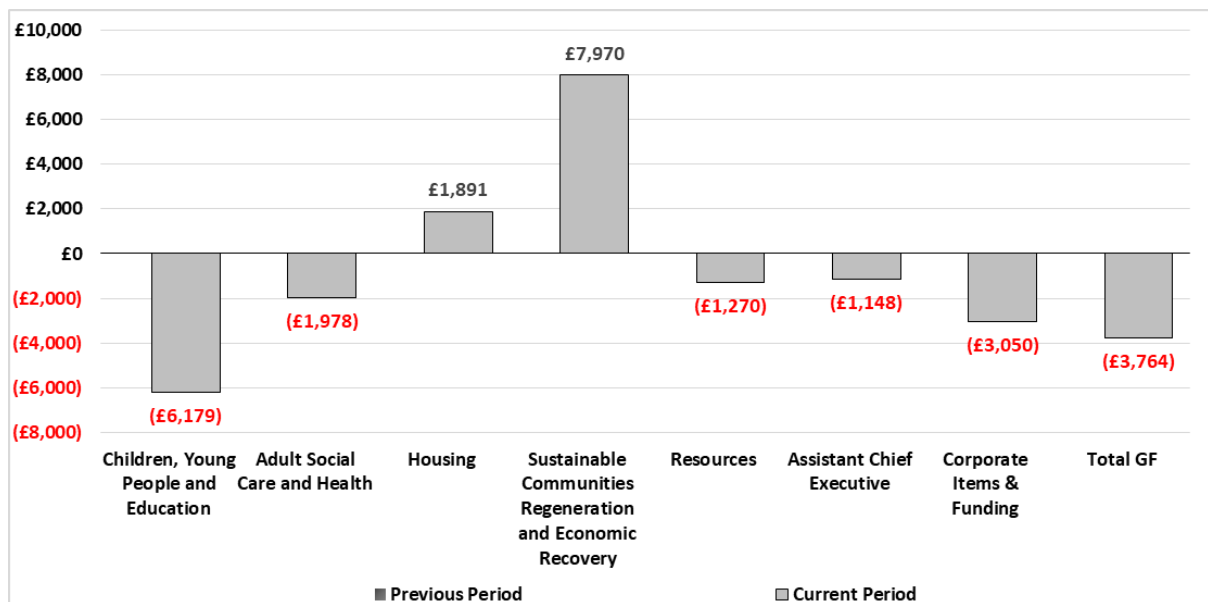
	Month 9	Month 8			
	Forecast Variance	Forecast Variance From Previous month	Change from previous month	Savings Non-Delivery	Other Pressures
	(£,000's)		(£,000's)	(£,000's)	(£,000's)
Children, Young People and Education	(6,179)	(3,080)	(3,099)	118	(6,297)
Adult Social Care and Health	(28)	(2,028)	2,000	-	(28)
Housing	1,891	1,895	(3)	-	1,891
Sustainable Communities Regen & Economic Recovery	7,970	6,601	1,369	5,135	2,835
Resources	(1,270)	(601)	(669)	-	(1,270)
Assistant Chief Executive	(1,148)	(584)	(564)		(1,148)
<b>Departmental Total</b>	<b>1,236</b>	<b>2,203</b>	<b>(966)</b>	<b>5,253</b>	<b>(4,017)</b>

Corporate Items & Funding	(3,050)	(3,451)	401	1,000	(4,050)
<b>Total General Fund</b>	<b>(1,814)</b>	<b>(1,248)</b>	<b>(565)</b>	<b>6,253</b>	<b>(8,067)</b>

3.4. Net overspends and underspends within the service budgets are presented as forecast variance (as per Table 1), and are additionally classified as either non-delivery of agreed in year savings or other pressures which were not foreseen. Non-delivery of savings, which totals £6.253m relates to the non-achievement of the approved MTFS savings whilst other pressures are as a result of new and external pressures not previously provided for within the Council's 2021/2022 Budget. Further explanations of these overspends are provided within Section 4 of this report.

3.5. The chart below shows the forecast by service department for both the current and previous month:

### Change in forecast position Month 9



3.6. The main areas of movement from Month 8 are as follows:

- Adult Social Care and Health has **adversely** moved by £2.500m due to operational challenges, which were previously flagged as risk, are now being faced by the service. The pressures are however being further supported by improvements in placement spend and the service continues to maintain vacancies to deliver services more efficiently.
- Sustainable Communities, Regeneration and Economic Recovery is indicating an **adverse** movement of £1.369m due to reported lower than expected income from parking services. This additional pressure was previously flagged as risk and due to further work it is now expected to crystallise by year end. Work has been ongoing with the service to improve budget monitoring and the current figures being reported reflect this. The impact of Covid on demand for car parking is the cause

of the reduced parking income and hence the service has not been able to deliver the £5.135m of service spend.

- Resources is indicating a £0.669m **favourable** movement relating to continued and improved staffing underspends across various teams.
- Housing is indicating a minor £0.003m **favourable** movement due to continued general improvements across the service.
- Children Young People and Education indicating an overall £3.099m **favourable** movement due to further reductions within the placement spend, savings in relation to UASC and application of Staying Put grant funding.
- Corporate is indicating an adverse £401k movement due to additional pressures related to increased provision of Minimum Revenue Provision and non-delivery of a £1.00m of Fees and Charges income. The two large pressures are now being netted off against the full release of the one off Covid Grant (£11.250m) confirmed to Croydon Council for 21/22 by DLUHC as part of the Local Government Finance Settlement.

Further details can be found in section 4 of this report.

## **Risks and Risk mitigations**

- 3.7. As mentioned within paragraph 3.1 the forecast has been reported excluding further potential risks and risk mitigations. Risks and risk mitigations are split into quantified and unquantified items. Risks previously reported in Month 8 have now been tested and scrutinised to determine the likelihood of those risks occurring. Where such position is now certain that risk has been included within the forecast in Table 1.
- 3.8. As with the forecast set out in Table 1 risks are separately reported for those elements that relate to potential under-delivery of approved savings, and those that are new and not directly related to agreed savings plans.
- 3.9. All MTFs savings have been reviewed and now form part of the forecasts and there are now no MTFs savings being identified as risks. Table 2a has been provided for comparison to previous month. The savings are subject to a separate assurance process involving both the Chief Executive and the Corporate Director of Resources (Section 151) meeting with the directorates and the Director of policy and programmes. The most recent of these was in early December.
- 3.10. These meetings identify savings at risk and mitigations for both the current and future years. Where risks are quantified currently, these are based on high level information and directorate experiences of the service. Parking Savings continue to be an issue due to further considerations of the March Budget decisions and therefore with 9 months of the year now passed it is likely these specific savings will not be delivered in full.
- 3.11. The rest of the services are sufficiently confident in being able to manage or mitigate these risks that they are not included as part of the present forecast year-end position. However, the figure has been provided to indicate to Cabinet the likely financial impact

on the budget and therefore the need to take action to deal with the risk should they materialise.

**Table 2a – Month 9 MTFS Savings Risk**

MTFS Savings Ref	MTFS Savings Description	Savings at risk P9 (£,000's)	Savings at risk P8 (£,000's)	Change From Prior Month (£,000's)
CFE Sav 09a	Review Children's Centres Delivery Model	0	359	(359)
<b>Children, Young People and Education Total</b>		<b>0</b>	<b>359</b>	<b>(359)</b>
<b>Adult Social Care and Health Total</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Housing Total</b>		<b>0</b>	<b>0</b>	<b>0</b>
PLA Sav 24	Parking charges increase 30p/30min	0	2,000	(2,000)
PLA Sav 10	ANPR camera enforcement	0	3,135	(3,135)
<b>Sustainable Communities Regen &amp; Economic Recovery Total</b>		<b>0</b>	<b>5,135</b>	<b>(5,135)</b>
<b>Resources Total</b>		<b>0</b>	<b>0</b>	<b>0</b>
COR Sav 17	Fees and Charges Reviews	0	1,000	(1,000)
<b>Corporate Items &amp; Funding Total</b>		<b>0</b>	<b>1,000</b>	<b>(1,000)</b>
RES SAV 23	CDS Extensions or procurements of core IT contracts	0	80	(80)
RES SAV 24	CDS Reduction in IT contract costs due to LBC smaller workforce	0	10	(10)
<b>Assistant Chief Executive Total</b>		<b>0</b>	<b>90</b>	<b>(90)</b>
<b>Total Savings at Risk</b>		<b>0</b>	<b>6,584</b>	<b>(6,584)</b>

3.12. Section 4 gives details of all the movements between Month 9 and Month 8 and identifies any movements in delivery of MTFS savings, risks and mitigating items that are factored into the forecast assumptions. Services managers have identified these as potential mitigations to the risks identified Tables 2a and 2b. Any additional risk mitigations also help the overall financial position of the Council as these would help generate a larger underspend that can be put away into reserves to support future MTFS gaps.

**Table 2b – Other quantifiable and unquantifiable risks**

Quantified Risks	P9 £'000	P8 £'000	Details of Risk
Children, Young People and Education	160	160	<b>£160k</b> – Risk to income from Schools/Education traded services due to Covid
Adult Social Care and Health	550	3,050	<b>£550k</b> – Continued risk of increased placement spend due to transitions from Children Social Care into Adult Social care.
Housing	396	396	<b>£96k</b> - Demand for Emergency/Temporary Accommodation likely to increase.  <b>£300k</b> Bad debt costs - Arrears are increasing since 2020/21 due to lower collection rates in the first part of the year (Covid related). When this debt becomes 'former' as tenants move on then recovery rates drop to between 5% and 30%. Potential additional debt costs of £300k-£800k beyond total presented based on current calculation methods.
Sustainable Communities Regen & Economic Recovery	1,859	1,977	<b>£1,699m</b> - Additional risk to income due to compliance in high ticket yield areas has increased and so put more income at risk than previously stated. A new Parking Model has been devised which has highlighted this issue and the service is using this improved model to explore any mitigation factors that can be implemented to keep the financial risk to a minimum.  <b>£160k</b> – Risk of repayment of previously committed funds in the event the legal review fails to go in favour of the Council.
Resources	90	90	There is <b>£90k</b> confiscation budget within corporate anti-fraud team, although there are live cases where there is a recovery prospect in excess of £90k but there is a real risk due to delays in the court system associated with COVID 19 that these amounts are not recovered in 2021/22.
Assistant Chief Executive	0	0	
<b>Total Quantified Risks</b>	<b>3,055</b>	<b>5,673</b>	

Un-Quantified Risks	P9 £'000	P8 £'000	Details of Risk
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Children, Families and Education	-	-	In addition to the UASC pressures, Croydon Borough has taken on c1000 asylum seekers who have been placed in eight hotels by the Home Office. The hotel costs are funded by the Home Office, however the Council will be responsible for further ancillary services particularly around safeguarding, public health, children & youth provision and broader community support. These additional costs, which are being worked out and have been flagged within unquantified risks, could result in further pressures for the Council. The Council is modelling the potential impact and will report the position in P10.
Adults, Health and Social Care	-	-	<b>TBC - Impact of long Covid</b> - not quantifiable at this stage
	-	-	<b>TBC - Care sector pressures</b> - The pressures in the social care sector nationally are well known. There are high levels of vacancies within the service and difficulty recruiting to the posts. This may result in providers not being able to provide care safely or within their financial envelope. Increasing utility costs is also a financial pressure. These additional pressures may lead to provider failure and the need to re-provision care with other providers which usually results in higher costs.  In addition general unknown additional costs related to placements could result in further costs particularly as we find more patients being discharged from hospital having long Covid symptoms and needing additional and prolonged care.
Housing	-	-	None
Sustainable Communities Regen & Economic Recovery	-	-	None
Resources	-	-	<b>Revs and Ben Income</b> - There are streams of income budget across this service such as Land charges, Court cost and Bailiff - current forecast are based on the assumption that the trend of income received to date continues or in the case of Land charges that it's income which is mostly based on the number of new build registered with the council etc. continue as it is in the last 2 months. There is the possibility that these trends could change there by resulting in risk/ opportunities.

	-	-	<p><b>Legal Recharges.</b> Risk that legal internal recharges forecast is too high. This is currently being followed up and investigated. Risk that internal legal recharges income does not match the legal recharges expenditure forecast by services charged</p> <p><b>Unreconciled holding accounts for BIDS, HR Staff Loans and P-Cards.</b> Risk that holding accounts will not be able to be reconciled and some balances transferred as pressures into forecast</p> <p><b>TBC - Further commercial tenants</b> are not able to pay rental income and will need to be written off, or will give notice on leases</p> <p><b>Risk that utilities in</b> - year costs will be higher than forecast. Also risk that schools utilities debts will not be recovered and covered by bad debt provision</p>
Corporate Items & Funding	-	-	None
Assistant Chief Executive	-	-	<p><b>CDS</b> - There is the risk of increased contract cost when actual invoices are received - current forecast is based on two months of invoicing, there are also outstanding contractual queries around End user service volumes as they are not reducing as anticipated.</p> <p><b>Coroners</b> - risk that Croydon's contribution to the Coroners service will increase beyond the current forecast</p>
<b>Total Un-Quantified Risks</b>			

3.13. Table 3 provides a list of quantified and unquantified risk mitigations. These are potential risk mitigations that will require further assurance to be included within the forecast. Services managers have identified these as potential mitigations to the risks identified Tables 2 and 2b. Any additional risk mitigations also help the overall financial position of the Council as these would help generate a larger underspend that can be put away into reserves to support future MTFS gaps.

**Table 3 - Quantifiable and unquantifiable opportunities**

Quantified Opportunities	P9 £'000	P8 £'000	Details of Opportunities
Children, Young People and Education	(1,000)	(1,307)	Further work ongoing to review prior year accruals and goods receipting within the system that could yield further spend reductions once cleared. This review is ongoing across all cohorts of service spend.



Adult Social Care and Health	(1,377)	(1,377)	Additional benefits from health funding / Scheme 3 funding on care packages along with potential for continuation of Hospital Discharge funding until March 22.
Housing	-	(396)	None
Sustainable Communities Regen & Economic Recovery	0	0	None
Resources	(100)	(200)	£100k - FIR - There is the probability that the court cost income raised could be higher than what is currently being forecast.
Assistant Chief Executive	(248)	(373)	£125k - CDS - Opportunity of greater income than budgeted from Digital Advertising Income. £123k - CDS - Opportunity of reduction in payment to key contractor as part of various telephony and other IT related service provision.
Corporate Items & Funding	0	(7,799)	Covid grant has now been reflected within the forecast as service areas continue to underspend on their budgets.
<b>Total Quantified Opportunities</b>	<b>(2,725)</b>	<b>(11,452)</b>	

Un-Quantified Opportunities	P9 £'000	P8 £'000	Details of Opportunities
Children, Young People and Education			None
Adult Social Care and Health			None
Housing			<b>TBC</b> - Leases – renegotiate the lease. Need to confirm the numbers due to expire this financial year <b>TBC</b> - Review of under occupied tenancy
Sustainable Communities Regen & Economic Recovery			None
Resources			None

Assistant Chief Executive			The council has received Control Outbreak Management Fund grant. Council has carried out work on the conditions of the grant and have understood how this can be applied. Further work will done to allocate funding in year to meet the grant conditions.
Corporate Items & Funding			None
<b>Total Un-Quantified Opportunities</b>			

3.14. As at Month 9, if all risks and risk mitigations were to materialise, along with the forecast reported in Table 1 the General Fund would underspend by £1.484m (Table 4), however some of the risks and mitigations will need time and validation to confirm the likelihood of them materialising. The situation will be clarified as the year progresses and the monthly budget reports show more detail on the patterns of income and expenditure and the longer term impact of Covid on Council services becomes clearer. Service managers have been instructed to identify and implement mitigations to spend within their approved funding envelopes. As such compensating measures are developed the impact of the net risks is expected to decline. Successful examples of this are the reduced risks and increased opportunities.

3.15. A number of the projected variances or risks relate to the continued impact of the Covid pandemic which we hope would ease towards the back end of the financial year. In particular parking and traffic income continues to be affected for which part grant compensation is only receivable for the first quarter of 2021/22. Other pressures such as SEN costs have been impacted in delays in delivering travel training to clients thus impacting on transport cost pressures.

#### 4. SERVICE VARIANCE DETAIL

##### 4.1. Children, Young People and Education (CYPE)

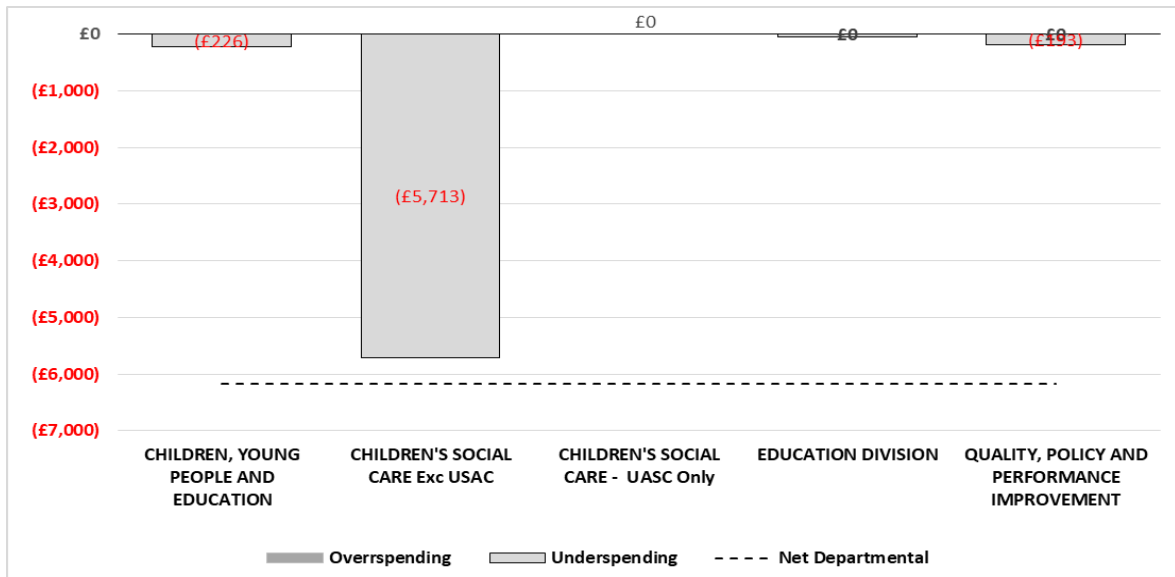
The CYPE directorate is forecasting a £6.179m underspend for Month 9 (favorable movement of £3.099m from Month 8) within the directorate.

The main cause of this is due to underspends in relation to under 18 placements and 18+ leaving care placement which have been realised as part of the recent review, a decrease in the costs for Unaccompanied Asylum Seekers and confirmation of £1.4m of grant funding for Staying Put which helps to support young people to continue to live with their former foster carers once they turn 18.

There are no MTFS Savings at risk at Month 9. There are opportunities identified of £1.0m related to potentially further reduction in placement costs but the service is expecting further risks of £0.160m related to income loss charged to schools as part of traded service.

The following chart illustrates the divisional forecast variances within Children young People and Education:

## Divisional View of Children Young People & Education Forecasts



### 4.2 Adults Social Care and Health Social Care (ASCH)

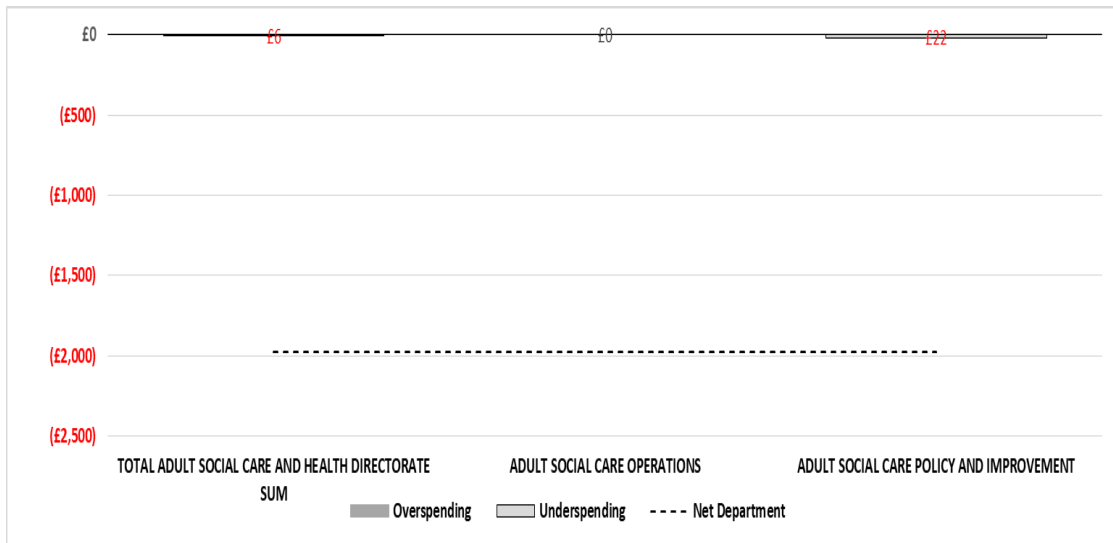
The ASCH directorate are forecasting an underspend of £0.028m, an adverse movement of £2.00m from Month 8. This movement includes an extra provision of potential historic operational service issues but partially netted off against improvements within placement spend across all cohorts of service users. Whilst this is an adverse movement within forecast the overall Adult Social Care position, after factoring risks, has not worsened as a previously reported risk of £2.5m has now been included within the forecast.

Table 2b identifies a further £0.550m of potential additional risks. The risks identified that relate to transitions of children social care clients to adult services. Whilst the service has had 9 months of actual data it is still plausible that a single case with a significant care package could result in increased costs for the service.

There are no MTFs savings at risk of delivery and there are unquantified risks due to continued impact of long Covid. There are opportunities identified of £1.377m due to potentially further improvements in placement spend, an improvement of £0.070m.

The following chart illustrates the divisional service forecast variances within Health, Wellbeing and Adults:

## Divisional View of Adult Social Care and Health Forecasts



### 4.3 Housing

Housing Directorate is forecasting an overspend of £1.891m. This is a favourable movement of £0.003m to the projection reported at Month 8.

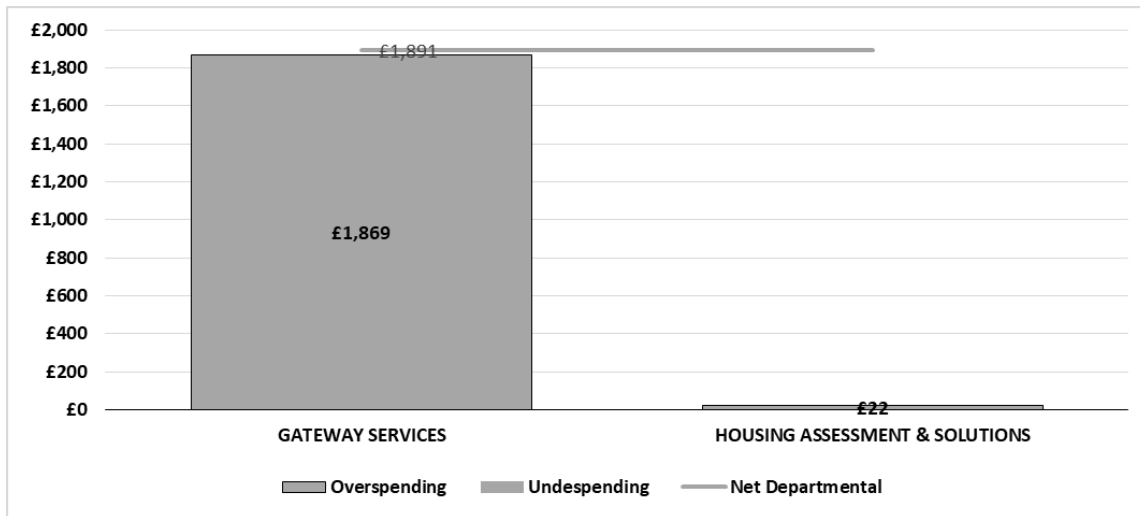
The cause of this slight movement relates to general operational efficiencies within the service.

Furthermore the service has identified £0.396m of other risks relating to potential further temporary accommodation pressures emerging between now and the end of the financial year. Further work will be done to ensure the bad debt risks are minimised and that the risk does not materialise.

There are no MTFs savings at risk of delivery, however further unquantified risks due to housing demand pressures and income collections risks have been identified. Additional grant funding of £1.51m has been received from Government to tackle homelessness through prevention work. This grant comes with significant conditions in terms of its usage and the service are working to apply the grant as per the conditions and whether it can be applied towards reducing in year pressures. However, due to the time taken to mobilise prevention work it is felt that there is a strong chance that the grant will not benefit the Council in the current year but will support future year homelessness costs.

The following chart illustrates the divisional forecasts within the department:

## Divisional View of Housing Forecast



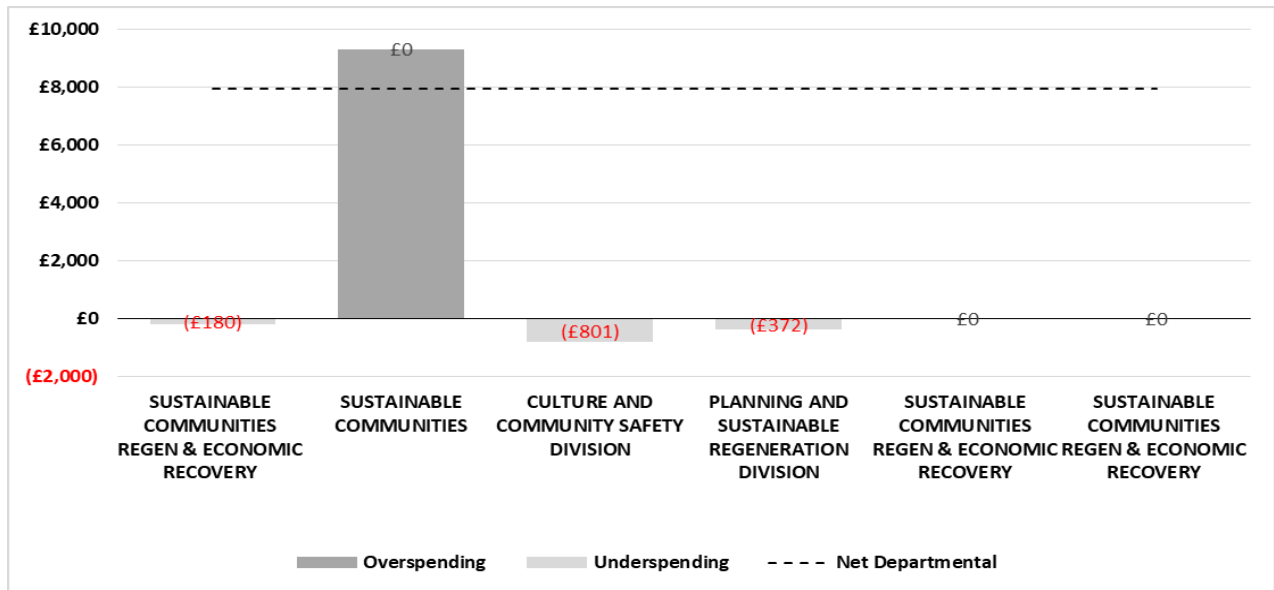
### 4.4 Sustainable Communities Regeneration & Economic Recovery (SCRER)

The SCRER directorate is forecasting a net overspend of £7.970m (an **adverse** movement of £1.369m from Month 8). The pressures continue to be around Highways (including Parking Services), SEN Transport and Environmental services. Included within the total projected overspend is £5.134m of non-delivery of in year savings for additional parking income. Parking income has been impacted by lower demand for car parking as cautiousness remains due to risks of Covid.

In addition to the forecasted overspend, SCRER directorate have provided for further risks as indicated in Table 2b. The risks of £1.869m relate potentially further loss of parking income and compliance in high risk yield areas. A detailed review of the MTFs savings that were at risk have been carried out and these are now being delivered or form part of the forecast outturn where these are now deemed to not be able to be delivered or mitigations not materialised. There are no further opportunities identified by the SCRER directorate.

The following chart illustrates the nature of the overall SCRER Directorate forecast position by Division:

## Divisional View of SCRER Forecasts



### 4.5 Resources

The Resources directorate is forecasting a underspend position of £1.270m (underspend £0.601m in Month 8). This is a net position after factoring all budgeted income and expenditure within the directorate.

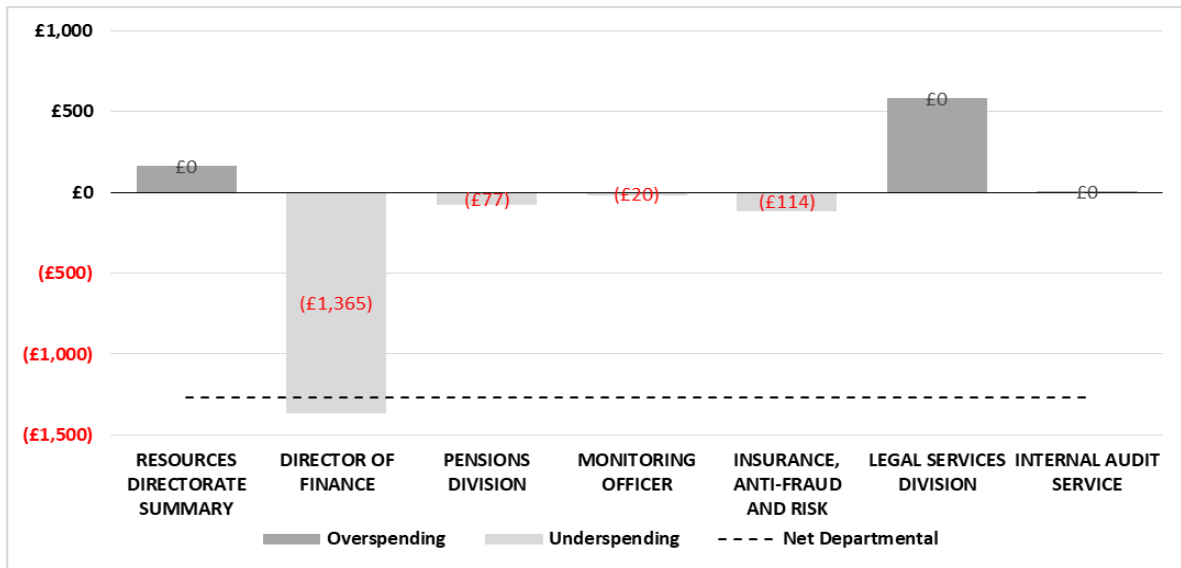
The main reasons for this underspend relate to better than projected collection of court cost income in relation to Revenue & Benefits activities and various staffing related underspends. Main causes of staff related underspends are for vacancies not being filled.

Further work on unquantified risks that had been identified is ongoing and whilst they may still materialise work is ongoing to try and work to mitigate these as we progress through the financial year.

Resources have identified further £0.100m of opportunities which would arise from recoupment of court costs in relation to our Revenues and Benefits service.

The following illustrates the split of the overall departmental forecast at a divisional level:

## Divisional View of Resources Forecast



### 4.6 Assistant Chief Executive

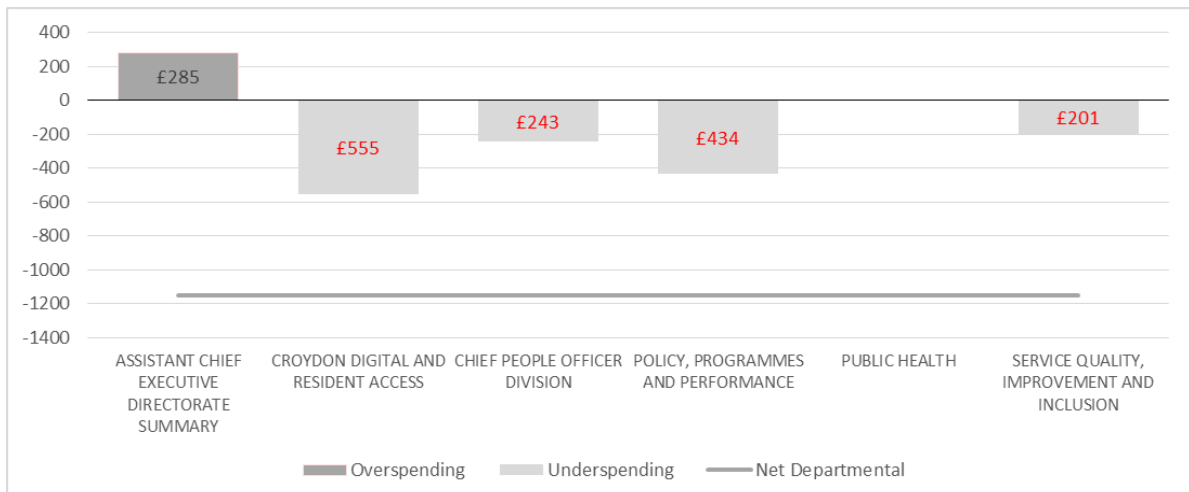
The ACE directorate is forecasting a underspend position of £1.148m (underspend £0.584m in Month 8), an improvement of £0.564m. This is a net position after factoring all budgeted income and expenditure within the directorate.

The main reasons for this underspend relate to various staffing related underspends and identification of grant monies that can be applied within the current financial year. These grants includes usage of Brexit funding and drawdown of Community Fund grants. Main causes of staff related underspends are for vacancies not being filled.

ACE have identified further £0.248m (£0.373m in Month 8) of opportunities which would arise from increased income from digital advertising.

The following illustrates the split of the overall departmental forecast at a divisional level.

### Divisional View of Assistant Chief Executive Forecasts



## 4.7 Corporate

The Corporate forecast has moved adversely by £0.401m. This includes the full release of the one off non-ringfenced Covid grant and increased pressures as a result of additional minimum revenue provision costs and non-delivery of savings related to £1m for fees and charges.

The Council received a non-fenced grant of £11.250m from Central Government in relation to additional costs that may be incurred in the current financial year as a result of Covid 19 and was announced in the December Local Government Finance Settlement. As the Council's overall P9 position indicates that the budget will be underspent, the Council has made a prudent decision to appropriate £7m of Covid Grant into an earmarked reserve to support future year pressures and ongoing Covid challenges. This contribution to reserves is in addition to the £10m of reserves that was planned to appropriate when the Budget was set for 2021/22 in March 2021. In the event that the risks do not materialise and the forecast and the opportunities do then the Council could put away a further c£5m (c£2m of forecasts and c£3m of quantified opportunities). This would take a total reserve contribution to c£22m but this can only be finalised when the Council has finalised its outturn position in about Q1 in the new financial year.

Any costs incurred by directorates are expected to be met from existing service budgets and the grant is available to meet any additional service costs over expenditure. As the rest of Directorates are indicating a favorable movement on their budgets the Council believes

The cost of financing the capital programme is retained corporately. This has been reviewed and will continued to be reviewed as we continue to the end of the financial year.

**Table 4 – Summary – Month 9 with Month 8 Comparator**

	<b>Month 9</b>	<b>Month 8</b>	<b>Variance</b>
	<b>(£,000's)</b>	<b>(£,000's)</b>	<b>(£,000's)</b>
<b>Table 1 - Forecast</b>	(1,814)	(1,248)	(566)
<b>Table 2a - MTFs Savings Risk</b>	-	6,584	(6,584)
<b>Table 2b - Quantifiable Risks</b>	3,055	5,673	(2,618)
<b>Table 3 - Quantifiable Opportunities</b>	(2,725)	(11,452)	8,727
<b>Total</b>	<b>(1,484)</b>	<b>(443)</b>	<b>(1,041)</b>

## 5 Housing Revenue Account (HRA)

- 5.1 Table 5 provides a summary of the HRA Month 9 monitor, which is currently indicating a £1.725m overspend (Month 8 £1.634m). The HRA is a self-financing ring-fenced account and will need to ensure it remains within the resources available, taking into account levels of HRA reserves. The adverse movement from the Month 8 forecast is largely due to a reassessment of likely disrepair liabilities, but there are also pressures in relation to responsive repair costs and large numbers of garage voids.



5.2 The Housing account has incurred significant disrepair settlement costs over the past month and due to legislative change and staff constraints these costs are projected to increase. The new forecast is based on an assessment of likely case settlement during the remainder of this financial year. In addition, the HRA continues to experience loss of income from garage rent along with increased demand for responsive repairs. The forecast overspend reported in Table 5 can be contained within HRA reserves provisionally forecast at £27.6m as at 31st March 2021.

**Table 5 – Housing Revenue Account (HRA) at Month 9**

SERVICES	Projected Variance For Month	Variance For Previous Month	Change From Previous Month	Explanation of Variations
	£'000	£'000	£'000	
Responsive Repairs and Safety	1,462	1,391	71	Increase in average costs due to state of repair when vacated & the delayed prior years repairs
Asset Planning and Capital Delivery	(836)	(857)	21	Vacancies within the service
Allocations Lettings and Income Collection	469	469	(0)	<ul style="list-style-type: none"> <li>Lower demand in home safety equipment which will bring in significantly less income than projected.</li> <li>Increase in legal costs and additional charges that are incurred when tenants make payment using debit/credit cards &amp; at local points.</li> <li>£50k - Income budget no longer achievable</li> </ul>
Tenancy and Resident Engagement	55	55	(0)	Overspend on costs combined with a high level of voids based on 20/21 outturn Commitments have been reviewed & released
Homelessness and Assessments	249	250	(0)	Overspend on costs combined with a high level of voids based on 20/21 outturn
Directorate & Centralised costs	327	327	(0)	Unbudgeted Executive Director/Corporate Director posts plus support costs
	<b>1,725</b>	<b>1,634</b>	<b>91</b>	

5.3 Further work is taking place within the Housing and Legal service to address the number of outstanding disrepair claims. This could have a further impact on the HRA budget in 22/23 if it transpires that additional compensation and legal costs are due to tenants.

## 6 Capital Programme as Month 9

6.1 The General Fund and HRA capital programme have currently spent a gross £61.541m to the end of the month 9 against approved budgets of £373.790m. Forecast spend is

£200.650m resulting in a forecast variance of £173.140m. Actuals to date are still impacted by accruals brought forward from 2020/2021 which have yet to be invoiced and do not take into account accruals for works so far completed due to delays in when suppliers send in their payment requests.

- 6.2 The table below summarises the capital spend to date by directorate with further details of individual schemes provided in Appendix 2.

**Table 6 – Capital Programme**

Department	Revised Budget 2021/22 (including approved slippage from 2020/21)	Actuals 2021/22 as at Month 9	Forecasts 2021/22 as at Month 9	Variance
	£'000	£'000	£'000	£'000
HOUSING	4,773	397	3,393	(1,380)
ADULT SOCIAL CARE AND HEALTH	1,726	4	68	(1,658)
ASSISTANT CHIEF EXECUTIVE	20,625	1,269	11,117	(9,508)
CHILDREN, YOUNG PEOPLE AND EDUCATION	26,078	10,431	15,451	(10,627)
SUSTAINABLE COMMUNITIES REGEN & ECONOMIC RECOVERY	76,439	5,646	44,586	(31,853)
RESOURCES	9,047	314	3,472	(5,575)
CORPORATE ITEMS & FUNDING	51,893	33,333	52,393	500
<b>General Fund Total</b>	<b>190,581</b>	<b>51,394</b>	<b>130,480</b>	<b>(60,101)</b>
HOUSING REVENUE ACCOUNT	183,209	10,147	70,170	(113,039)
<b>LBC CAPITAL PROGRAMME TOTAL</b>	<b>373,790</b>	<b>61,541</b>	<b>200,650</b>	<b>(173,140)</b>

- 6.3 The variance column is projected to be slipped into the new financial year, subject to Cabinet approval at year end. Further work will be done over the coming months to review the budget provision for 2021/2022 and the review will focus on ensuring the capital budgets are properly profiled to reflect the actual delivery of various projects.

- 6.4 The significant slippage within the HRA Capital Programme relates to the properties that will be purchased by the Council from Brick by Brick. The Council is working with Brick by Brick and the legal team to re-assess the acquisition of the properties with the intention to review if they can be purchased in the current financial year. This will be updated in Month 10 report.

## 7 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

- 7.1 Finance comments have been provided throughout this report.

(Approved: Richard Ennis – Corporate Director of Resources)

## 8 LEGAL CONSIDERATIONS

- 8.1 The Council is under a statutory duty to ensure that it maintains a balanced budget and to take any remedial action as required in year.
- 8.2 The Council is required by section 151 of the Local Government Act 1972 to make arrangements for the proper administration of its financial affairs. The Council's Chief Finance Officer has established financial procedures to ensure the Council's proper financial administration. These include procedures for budgetary control. It is consistent with these arrangements for Cabinet to receive information about the revenue and capital budgets as set out in this report.
- 8.3 The monitoring of financial information is also a significant contributor to meeting the Council's Best Value legal duty and therefore this report also complies with that legal duty.

(Approved by: Doutimi Aseh - Interim Director of Legal Services & Deputy Monitoring Officer)

## **9 HUMAN RESOURCES IMPACT**

- 9.1 There are no immediate workforce implications as a result of the recommendations in this report. Any mitigation on budget implications that may have effect on direct staffing will be managed in accordance with relevant human resources policies and were necessary consultation with recognised trade unions.

(Approved by: Gillian Bevan Head of Human Resources (Resources and ACE))

## **10 EQUALITIES IMPACT**

- 10.1 There are no specific equalities issues set out in this report.
- 10.2 The Council has a statutory duty to comply with the provisions set out in the Sec 149 Equality Act 2010. The Council must therefore have due regard to:
  - (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
  - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
  - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 10.3 In setting the Council's budget for 2021/2022, all savings proposals were required to complete an Equality Impact Assessment. As Officers deliver against the approved budget, including the savings within it, they will continue to monitor for any unanticipated equality impacts.
- 10.4 The Council's core priority is to tackle ingrained inequality and poverty and tackling the underlying causes of inequality and hardship, like structural racism, environmental injustice and economic injustice. The budget should take due regard to this objective

in relation to each protected characteristic. The Borough's responsibility to asylum seekers, young people, and disabled people and families is key to this regard.

(Approved by: Denise McCausland, Equalities Programme Manager, Policy Programmes and Performance)

## **11 ENVIRONMENTAL IMPACT**

11.1 There are no specific environmental impacts set out in this report

## **12 CRIME AND DISORDER REDUCTION IMPACT**

12.1 There are no specific crime and disorder impacts set out in this report

## **13 DATA PROTECTION IMPLICATIONS**

13.1 **WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?**

NO

13.2 **HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?**

NO, as the report contains no sensitive/personal data

Approved by Nish Popat – Interim Head of Corporate Finance

**APPENDIX 1 – SERVICE BUDGETS AND FORECASTS MONTH 9**

	Approved Budget	Current Actuals	(%age)	Full-Yr Forecast	Projected Variance
	(£,000's)	(£,000's)	(%age)	(£,000's)	(£,000's)
C1410E : ADULT SOCIAL CARE OPERATIONS	114,242	81,064	1	112,295	(1,947)
C1405E : TOTAL ADULT SOCIAL CARE AND HEALTH DIRECTORATE SUMMARY	7,697	(713)	(0)	7,688	(9)
C1420E : ADULT SOCIAL CARE POLICY AND IMPROVEMENT	5,412	(1,631)	(0)	5,340	(22)
<b>TOTAL ADULTS</b>	<b>127,351</b>	<b>78,720</b>	<b>1</b>	<b>125,323</b>	<b>(1,978)</b>
C1305E : RESIDENT ENGAGEMENT AND ALLOCATIONS	14,253	5,277	0	16,123	1,869
C1310E : ESTATES AND IMPROVEMENT	66	257	4	88	22
<b>TOTAL HOUSING</b>	<b>14,319</b>	<b>5,534</b>	<b>0</b>	<b>16,211</b>	<b>1,891</b>
C1110E : SUSTAINABLE COMMUNITIES REGEN & ECONOMIC RECOVERY DIRECTORATE SUMMARY	(167)	847	(5)	(347)	(180)
C1120E : SUSTAINABLE COMMUNITIES	37,911	35,151	1	47,234	9,323
C1130E : CULTURE AND COMMUNITY SAFETY DIVISION	12,005	3,253	0	11,204	(801)
C1140E : PLANNING AND SUSTAINABLE REGENERATION DIVISION	2,482	2,494	1	2,110	(372)
<b>TOTAL SUSTAINABLE COMMUNITIES REGEN &amp; ECONOMIC RECOVERY</b>	<b>52,231</b>	<b>41,745</b>	<b>1</b>	<b>60,201</b>	<b>7,970</b>
C1205E : CHILDREN, YOUNG PEOPLE AND EDUCATION	10,265	387	0	10,039	(226)
C1210E : CHILDREN'S SOCIAL CARE	78,490	43,705	1	71,167	(7,323)
UNACCOMPANIED ASYLUM SEEKING CHILDREN (UASC) AND CARE LEAVERS	994	2,977	3	2,604	1,610
C1220E : EDUCATION DIVISION - exc DSG	12,533	30,061	2	12,486	(47)
C1230E : QUALITY, POLICY AND PERFORMANCE IMPROVEMENT	4,935	3,041	1	4,742	(193)
<b>TOTAL CHILDRENS, FAMILIES AND EDUCATION</b>	<b>107,217</b>	<b>80,171</b>	<b>1</b>	<b>101,038</b>	<b>(6,179)</b>
C1605E : RESOURCES DIRECTORATE SUMMARY	145	327	2	307	162
C1610E : DIRECTOR OF FINANCE	11,272	93,079	8	9,907	(1,365)
C1620E : PENSIONS DIVISION	1	1,044	1,044	(76)	(77)
C1625E : MONITORING OFFICER	3,801	1,497	0	3,781	(20)
C1630E : INSURANCE, ANTI-FRAUD AND RISK	32	2,450	77	(82)	(114)
C1640E : LEGAL SERVICES DIVISION	766	(524)	(1)	1,348	582
C1650E : INTERNAL AUDIT SERVICE	8	(115)	(14)	14	6

C1690E : COMMERCIAL INVESTMENT AND CAPITAL DIVISION	19,050	5,215	0	18,605	(445)
<b>TOTAL RESOURCES</b>	<b>35,075</b>	<b>102,973</b>	<b>3</b>	<b>33,805</b>	<b>(1,270)</b>
C1505E : ASSISTANT CHIEF EXECUTIVE DIRECTORATE SUMMARY	(56)	598	(11)	229	285
C1510E : CROYDON DIGITAL AND RESIDENT ACCESS	13,809	18,958	1	13,254	(555)
C1520E : CHIEF PEOPLE OFFICER DIVISION	5	1,908	382	(238)	(243)
C1530E : POLICY, PROGRAMMES AND PERFORMANCE	7,208	6,124	1	6,774	(434)
C1540E : PUBLIC HEALTH	-	(2,636)	-	0	0
C1550E : SERVICE QUALITY, IMPROVEMENT AND INCLUSION	181	1,185	7	- 20	(201)
<b>TOTAL ASSISTANT CHIEF EXECUTIVE</b>	<b>21,147</b>	<b>26,136</b>	<b>1</b>	<b>20,000</b>	<b>(1,148)</b>

## Appendix 2 – Capital Programme Month 9

<b>CAPITAL BUDGETS, MONITORING AND FORECASTS</b>	<b>Approved Budget</b>	<b>Actual to Date</b>	<b>Forecast for Year</b>	<b>Variance for Year</b>
<b>Scheme Name</b>	<b>2021/22</b>	<b>2021/22</b>	<b>2021/22</b>	<b>2021/22</b>
	<b>(£,000's)</b>	<b>(£,000's)</b>	<b>(£,000's)</b>	<b>(£,000's)</b>
Disabled Facilities Grant	4,373	676	2,993	(1,380)
Empty Homes Grants	400	(279)	400	-
<b>HOUSING</b>	<b>4,773</b>	<b>397</b>	<b>3,393</b>	<b>(1,380)</b>
Adults ICT	284		64	(220)
Adult Social Care Provision	4	4	4	-
Provider Services - Extra Care	500	-		(500)
Sheltered Housing	938	-	-	(938)
<b>ADULTS</b>	<b>1,726</b>	<b>4</b>	<b>68</b>	<b>(1,658)</b>
Bereavement Services	1,711	25	50	(1,661)
Community Ward Budgets	1,616	-	-	(1,616)
Finance and HR system	598	128	498	(100)
ICT Refresh & Transformation	9,185	214	6,430	(2,755)
People ICT	7,515	823	3,500	(4,015)
Uniform ICT Upgrade	-	79	140	140
Members Enquiries Transformation Bid			29	29
Core Contract Procurement Transformation			470	470
<b>ASSISTANT CHIEF EXECUTIVE</b>	<b>20,625</b>	<b>1,269</b>	<b>11,117</b>	<b>(9,508)</b>
Education – Fire Safety Works	2,057	-	450	(1,607)
Education - Fixed Term Expansions	2,124	17	69	(2,055)
Education - Major Maintenance	7,523	2,808	2,945	(4,578)
Education - Miscellaneous	821	354	366	(455)
Education - Permanent Expansion	403	139	425	22
Education - Secondary Estate	134	48	88	(46)
Education - SEN	13,016	7,065	11,108	(1,908)
<b>CHILDREN'S, FAMILIES &amp; EDUCATION</b>	<b>26,078</b>	<b>10,431</b>	<b>15,451</b>	<b>(10,627)</b>
Allotments	309	-	100	(209)
Brick by Brick programme	20,000	3,797	3,797	(16,203)
Brick by Brick - Fairfield		-	4,000	4,000
Fixtures & Fittings FFH			574	574
CALAT Transformation	396	1	6	(390)
Electric Vehicle Charging Points	1,700	-	-	(1,700)
Feasibility Fund	505	13	505	-
Fieldway Cluster (Timebridge Community Centre)	3,023	(121)	300	(2,723)
Growth Zone	8,210	26	2,500	(5,710)
Grounds Maintenance Insourced Equipment	1,200	-	1,000	(200)

Highways - maintenance programme	17,531	1,672	12,340	(5,191)
Highways - maintenance programme (staff recharges)	567	-	567	-
Highways – flood water management	286	85	959	673
Highways – bridges and highways structures	141	323	1,139	998
Highways - Tree works	-	7	89	89
Measures to mitigate travellers in parks and open spaces	73	-	73	-
Leisure centres equipment upgrade	628	7	628	-
Libraries Investment - General	1,914	75	300	(1,614)
Libraries investment – South Norwood library	512	-	100	(412)
Museum Archives	100	-	-	(100)
Neighbourhood Support Safety Measures	50	-	50	-
New Addington wellbeing centre	979	-	-	(979)
Parking	3,401	-	1,735	(1,666)
Park Life	381	-	-	(381)
Play Equipment	1,522	-	720	(802)
Safety - digital upgrade of CCTV	1,559	-	20	(1,539)
Section 106 Schemes	4,674	61	4,674	-
SEN Transport	1,289	-	-	(1,289)
Signage	137	-	137	-
South Norwood	5	133	812	807
Kenley Good Growth	-	-	545	545
Sustainability Programme	625	-	60	(565)
TFL - LIP	392	(444)	3,884	3,492
Unsuitable Housing Fund	14	10	14	-
Waste and Recycling Investment	3,116	-	1,558	(1,558)
Waste and Recycling – Don't Mess with Croydon	1,358	1	1,558	200
Schemes with completion date prior to 2020/21	(158)	-	(158)	-
<b>SUSTAINABLE COMMUNITIES, REGEN &amp; ECONOMIC DVLPT</b>	<b>76,439</b>	<b>5,646</b>	<b>44,586</b>	<b>(31,853)</b>
Asset Strategy - Stubbs Mead	3,298	-	250	(3,048)
Asset Strategy Programme	770	-	23	(747)
Asset Acquisition Fund	415	-	25	(390)
Clocktower Chillers	462	-	50	(412)
Corporate Property Programme	4,248	290	2,794	(1,454)
Crossfield (relocation of CES)	(146)	8	146	292
MHCLG (DLUHC) Code Sharing Project	-	10	10	10
Croydon Healthy Homes (Project code 800156)	-	-	168	168
Unclassified Category	-	6	6	6
<b>RESOURCES</b>	<b>9,047</b>	<b>314</b>	<b>3,472</b>	<b>(5,575)</b>
Capitalisation Direction	50,000	33,333	50,000	-
Transformation Spend (Flexible Capital Receipts)	1,893	-	2,393	500



<b>CORPORATE</b>	<b>51,893</b>	<b>33,333</b>	<b>52,393</b>	<b>500</b>
<b>NET GENERAL FUND TOTAL</b>	<b>190,581</b>	<b>51,394</b>	<b>130,480</b>	<b>(60,101)</b>
Asset management ICT database	155	-	372	217
Fire safety programme	5,555	-	837	(4,718)
Larger Homes	1,339	411		(1,339)
Major Repairs and Improvements Programme	35,306	9,666	26,400	(8,906)
Affordable Housing Programme	31,932	22	30,051	(1,881)
BBB Properties part funded by GLA and HRA RTB	108,120	-	5,310	(102,810)
Special Transfer Payments	802	48		(802)
BBB Land Transfers as Winding Up			7,200	7,200
<b>HOUSING REVENUE ACCOUNT CAPITAL</b>	<b>183,209</b>	<b>10,147</b>	<b>70,170</b>	<b>(113,039)</b>
<b>GROSS CAPITAL PROGRAMME</b>	<b>373,790</b>	<b>61,541</b>	<b>200,650</b>	<b>(173,140)</b>

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For General Release

<b>REPORT TO:</b>	<b>Cabinet 21 February 2022</b>
<b>AGENDA ITEM:</b>	
<b>SUBJECT:</b>	<b>Annual Delivering the Croydon Growth Zone Report – 2022/23</b>
<b>LEAD OFFICER:</b>	<b>Sarah Hayward – Acting Corporate Director of Sustainable Communities, Regeneration &amp; Economic Recovery</b>  <b>Heather Cheesbrough, Director of Planning and Sustainable Regeneration</b>
<b>CABINET MEMBER:</b>	<b>Councillor Oliver Lewis, Cabinet Member for Culture &amp; Regeneration</b>
<b>WARDS:</b>	<b>Fairfield, Addiscombe West &amp; Park Hill &amp; Whitgift</b>
<p><b>CORPORATE PRIORITY/POLICY CONTEXT/AMBITIOUS FOR CROYDON:</b></p> <p>Delivering the Growth Zone will support investment in jobs, housing, inclusive economic growth and the regeneration and recovery of the Town Centre, particularly in terms of post coronavirus pandemic recovery.</p> <p>The approach to the Growth Zone programme as set out in this report aligns with the priority commitments in the Croydon Renewal Improvement Plan to:</p> <ul style="list-style-type: none"> <li>• <i>live within our means, balance the books and provide value for money for our residents; and</i></li> <li>• <i>ensure our systems, processes and controls are fit for purpose</i></li> </ul> <p>This report reflects the recommendation made in the October 2020 Grant Thornton Report in the Public Interest (RIPI) that:</p> <p><i>‘the s151 officer should revisit the Growth Zone assumptions following the pandemic and make recommendations to Cabinet and Council for the continued investment in the scheme’.</i></p> <p>This report also responds to the ‘key next steps’ set out by PWC in their November 2020 review of the council’s capital investment programmes:</p> <p><i>‘Given the current economic uncertainty, the steps the Council have taken to review and revise down the ambitious investment plan for Growth Zone are</i></p>	

*sensible. There will be a continuing need for some investment in Croydon, particularly in light of the need to generate growth after the pandemic, and so switching off all planned investment would be unwise. Any subsequent increase in planned investment should be supported by a business case and taken through robust governance and sign off processes for full scrutiny.'*

## **FINANCIAL IMPACT**

The Growth Zone business rate uplift retention funding mechanism was approved by Cabinet in July 2016 and the Mayor of London in September 2016, and ring-fences growth in business rates from April 2018 for 16 years. A Statutory Instrument was laid in parliament which led to the formal approval of the Growth Zone by the Government from April 2018.

The original Growth Zone programme included an estimated £520 million of projects supported by a loan of £309.9 million with the balance (circa £210 million) met from other sources including TfL, the GLA or S106 planning obligations.

In October 2018 Cabinet approved a programme of activities and associated funding draw down for the first phase of the Growth Zone programme up to 2023 (see key decision reference 1418CAB). Cabinet further approved £1.721 million to support a related Smart Cities and Digital Transformation programme on 8th July 2019. A further report was issued to Cabinet 22nd February 2020 requesting the original budget of £167m be re-profiled to £78m. A further Cabinet Report in March 2021 agreed a reduced £4m Growth Zone programme for 2021/22.

This report is proposing a further re-profile of the capital expenditure for the programme, reducing the programme-wide expenditure to £4m in 2022/23.

**KEY DECISION REFERENCE NO.: 1322CAB**

The Leader of the Council has delegated to the Cabinet the power to make the decisions set out in the recommendations below:

### **1. RECOMMENDATION**

The Cabinet is recommended to:

- 1.1 Approve a £4m budget for the 'Delivering the Growth Zone' programme 2022/23;
- 1.2 Note the indicative amended funding profile for Growth Zone Sub Groups as detailed in section 6 of this report, including the forecast budget slippage from 2021/22; and,
- 1.3 Subject to the requirement to comply with the provisions of Part 4G of the Constitution in taking delegated decisions, and the parameters previously approved in the March 2021 Cabinet report 'Delivering the Growth Zone' delegate to the Corporate Director of Sustainable Communities, Regeneration & Economic Recovery in consultation with the Chief Finance

Officer (Section 151), the Cabinet Member for Renewal and Cabinet Member of Culture and Regenerations authority to make necessary changes to the funding assigned to Sub Groups as outlined in Table 1 Section 6.

## **2. EXECUTIVE SUMMARY**

- 2.1 This annual report sets out proposals for a Growth Zone programme for 2022/23. This factors in the Council's current financial position, resourcing implications and responds to recommendations of the RIPI (October 2020) and the PWC capital investment review. It reflects the need to consider the approach to recovery and renewal of Croydon town centre following the devastating socio-economic impact of the coronavirus pandemic and the implications for development activity. Finally, the proposed 2022/23 Growth Zone programme allows the Council to review, model and plan for different scenarios regarding major developments in central Croydon.
- 2.2 This report sets out high level details of a proposed Growth Zone capital programme of £5.7m for financial year 2022/23 (£4m assignment to 22/23 and retention of a forecast £1.7m 21/22 underspend). A further report will be submitted to Cabinet in the 22/23 financial year identifying the capital expenditure proposed for financial years 2023/24 and 2024/25.

## **3. INTRODUCTION**

- 3.1 The Growth Zone programme was originally established to leverage opportunities to create the appropriate social, economic, cultural and physical infrastructure needed to ensure that the significant development and growth anticipated within Croydon town centre was sustainable. As a 16-year programme, starting in 2018, it was always envisaged the strategic direction of the Growth Zone and funding available would flex and change over time, with a governance structure established to ensure that the priorities of the programme reflect the needs of the town centre as development and regeneration takes shape. Our key priority is to deliver the benefits of growth and regeneration to local people and ensure that no community is left behind as per the Equality Impact Assessment found at Appendix 1. The Growth Zone will support existing communities, alongside planning for and providing the infrastructure and services needed to support new residents who will settle in the town centre. The Council want to develop the talents and aspirations of our residents, businesses and communities, making Croydon an exciting place to live, visit, invest and spend time.
- 3.2 Whilst many of the major development projects planned for the town centre were starting to progress in the early years of the Growth Zone programme, there have been delays and reconsideration of the nature to some key town centre developments, including the proposed redevelopment of the Whitgift Centre. This, compounded by the devastating economic impact of the coronavirus pandemic on town centre businesses, Growth Zone stakeholders and funding partners, alongside the significant shift in

consumer behaviours, work and travel patterns, has meant that the Council has to re-appraise the objectives of the Growth Zone programme.

- 3.3 In the spring of 2020 the Growth Zone team undertook a review of all the programme's activities and projects, and many were paused, with the approval of the Growth Zone Working Group. The independent strategic review undertaken by PWC reported in November 2020 that 'given the ongoing COVID-19 pandemic and economic uncertainty, reducing planned funding in FY20/21 to £6.7m was a sensible step as the original business plan is no longer fit for purpose and requires revision.' As a continuation of this prudent approach a £4m programme for 2021/22 was agreed by Cabinet in March 2021.
- 3.4 The Growth Zone programme always envisaged an evolving and growing town centre neighbourhood, but the current circumstances require us to remain prudent and re-focus the programme. Working with our key stakeholders and partners we will reassess how best to target expenditure to where it will create the most impact and taking the time to plan for longer term investment to engender the town centre's sustainable socio-economic recovery. The PWC report states: 'reappraisal may enable LBC to pause further investment. However, we would not recommend closing down the GZ programme as this provides LBC with a vehicle to focus any recovery investment required of it and (dependent on central government policy) does provide LBC with the ability to use Business rates that it may otherwise have to return to central government.'
- 3.5 In March 2021 the majority of major transport infrastructure and public realm projects were still on hold, although some walking and cycling infrastructure projects have continued to be progressed. Work on construction logistics continued. Some activities relating to culture, social infrastructure, energy and smart cities have continued, where possible via remote working. The March 2021 Cabinet saw the planned funding for FY21/22 to be £4m, which supported the continuation of some public realm projects, albeit at limited capacity, and the Growth Zone team, working with colleagues across the Council and key strategic partners, have started to consider the programmes, revised objectives and approach.
- 3.6 Given the Council's constrained finances, consideration will be given to how best to place the Growth Zone programme to target emerging national and regional funding streams, and how to seed Growth Zone investment to realise larger funding commitments from public and private sector partners. With Croydon's existing communities we want to build a place where innovation and enterprise can flourish, which attracts people to its culture and creativity, nurtures local talent and supports individuals and communities to fulfil their potential. Croydon will continue to be exceptionally well connected, with new and improved infrastructure that enables people to easily come together, and travel to, from and around the borough, with fantastic digital, communications and transport networks.

## Policy Context

- 4.1 The approach to the review of the Growth Zone’s programme for 2021/23 aligns with the priorities set out in the Council’s Economic Strategy 2019-2024:
- To create places where businesses, investors and residents want to live, trade and invest
  - To create a business environment for growth
  - To invest in ideas that can deliver real change for Croydon
  - To invest in our people
- 4.2 This approach accords with the Mayor of London’s Good Growth principles, as set out in the London Plan 2021. These principles support growth on the basis of its potential to improve the health and quality of life of all Londoners, to reduce inequalities, as guided by the Good Growth Principles<sup>1</sup>, and to make the city a better place to live, work and visit. It uses the opportunities of a rapidly-growing city to plan for a better future, using each planning decision to improve London, transforming the city over time. It plans not just for growth, but for Good Growth – sustainable growth that works for everyone, using London’s strengths to overcome its weaknesses. The key principles of Good Growth are:
- Building strong and inclusive communities
  - Making the best use of land
  - Creating a healthy city
  - Delivering the homes Londoners need
  - Growing a good economy
  - Increasing efficiency and resilience
- 4.3 The Growth Zone also contributes to the delivery of the vision for the Croydon Opportunity Area (COA) as set out in the Croydon Local Plan 2018, which sets the framework for additional residential development, stimulating inwards investment and make the COA an attractive place to live, work and visit.
- 4.4 Alongside the Good Growth principles, the council’s review of the Growth Zone will consider how best to align with the GLA’s nine ‘missions’ which form the London Recovery Programme, in particular:
- High Streets for All
  - Good Work for All
  - A Green New Deal
  - A New Deal for Young People, and
  - Building Strong Communities

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<sup>1</sup> <https://www.london.gov.uk/what-we-do/regeneration/advice-and-guidance/about-good-growth-design#acc-i-52684>

4.5 Croydon's Local Strategic Partnership is developing a plan to support the borough's recovery from the economic and social impacts of the Covid pandemic. The partnership brings together the council and representatives of the emergency services, health, education, business, faith, voluntary and community sectors. The plan will interpret the GLA's nine recovery missions in the light of the borough's needs and circumstances and include joint actions to achieve those missions.

## 5. Growth Zone programme 2022-23 – Strategic Review and Next Steps

5.1 The Council will continue with a comprehensive review of the entire Growth Zone programme, including a reassessment of original business cases/vision and identification of updated programme priorities. The proposed Growth Zone funding for the next financial year will need to be adjusted to reflect the current economic and financial challenges, especially related to the impact of coronavirus on the town centre and development activity. This review will incorporate sensitivity testing of the programme's financial appraisals, and analysis of any risks to the continued progression of key development sites and associated local investment.

5.2 A significant proportion of the major development sites in the COA are progressing. The August 2021 Town Centre Cabinet Report clarified that *'There have been significant developments in the town centre that have brought new economic benefits delivered or being delivered through a number of master plans. However, the continued uncertainty around the Whitgift has the capacity to cause blight and means it is imperative we work with our partners to develop a new vision that builds on our cultural and night-time offer as well as responding to the changing retail environment accelerated by the pandemic. [...] This vision could help inform both the phased redevelopment of the Whitgift and a meanwhile and precursor strategy, bringing some bottom up thinking, energy and expertise<sup>2</sup>.*

5.3 We have started to work with Growth Zone partners and stakeholders to reforecast the programme of development activity, business investment, population growth and demographic change in the town centre. The existing Growth Zone governance structure remains, with Croydon Growth and Major Development Board, Growth Zone Steering Group, Growth Zone Working Group and themed subgroups feeding into the overall review.

5.4 TfL have been hard hit by the coronavirus pandemic, and they are currently seeking funding from the Department of Transport in order to continue with some of the key transport infrastructure projects planned under the Growth Zone. The Council will work with TfL to re-profile their commitments and the priority order and timeline for investment in transport projects.

5.6 The town centre has recently benefitted from the completion of London Southbank University (LSBU) in September 2021, the upcoming London Borough of Culture 2023, helping to boost a healthy night time economy. There is continued developer interest in continuing build out of the five town

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<sup>2</sup> <https://democracy.croydon.gov.uk/documents/s31766/Future%20Town%20Centre.pdf>



centre masterplans and public realm improvements.

## 6. Growth Zone – re-profiled budget 2022-23

- 6.1 High level detail of the re-profiled Growth Zone programme for the next financial year is set out in this section of this report. A revised figure of £5.7m (£4m assignment to 22/23 and retention of forecast £1.7m 21/22 underspend) to be ring-fenced to the Growth Zone programme for the financial year 2022/23 is identified to enable continuation of key priority projects and activities, as defined and confirmed in 21/22 and a commitment to providing further progress in 22/23.
- 6.2 Table 1 below sets out the proposed profile for the £4m 2022/23 Growth Zone Programme assignment and the programme with the retention and reprofiling of already approved 2021/22 £1.7m slippage. The forecast slippage from 21/22 has largely been assigned to the Place and Public Realm Sub Group and Culture Sub Group to support the delivery of live and mature public realm projects such as Minster Green and Borough of Culture.
- 6.3 The slippage has largely occurred as a consequence of the financial constraints on the Council in the 21/22 financial year, the diminished resources within the Growth Zone Service and across the Growth Zone Sub Groups, and the impact of the coronavirus pandemic on the ability to deliver. Given the Growth Zone has a period of 16 years these small slippages can be absorbed across the whole programme period.

**Table 1**

<b>Sub Groups</b>	<b>Revised Core funding 2022/23 - £4m (£000's)</b>	<b>Revised Core funding 2022/23 - £4m and retention and reprofiling 2021/22 slippage - £1.7m (£000's)</b>
Transport	700	700
Public Realm	1,611	£ 3,219.5
Construction Logistics	100	100
Parking	200	200
Culture	367	503.5
Smart Cities	200	200
Social Infrastructure	100	100
Energy	100	100
Staffing costs	622	577
<b>TOTAL</b>	<b>(£4,000)</b>	<b>(£5,700)</b>

- 6.4 The indicative assignment to the Sub Groups has been agreed in consultation with Sub Group leads and partners through the Growth Zone Steering Group and Growth Zone Working Group. Furthermore, the Leader of the Council meets with the Mayor's Deputy Mayor for Planning, Regeneration and Skills annually to discuss the Growth Zone budget and programme setting for the forthcoming year.
- 6.5 Looking forward, should business rate retention income increase, or be forecast to increase over the 16 year period of the Growth Zone the funding available can be increased and the programme expanded accordingly. This process will be informed by partners and developers to ensure forecasts regarding development and consequently business rate retention income are robust.

## **7. Re-profiled programme and workstream**

### **7.1 Transport**

- 7.1.1 Strategic transport modelling work is being undertaken this year in conjunction with TfL, which will inform the Growth Zone (GZ) Transport programme for 2022/23. Next year's GZ Transport programme will also be influenced by the complementary transport investment funding that is / is not made available by TfL via the annual Local Implementation Plan Funding process, which is dependent on a funding settlement from central government. At the time of writing this report, this has not yet been announced, and may not be known until closer to the start of the new financial year. Consequently the 2022/23 GZ Transport programme is not yet confirmed. However, it is envisaged that the following projects will remain major components of the GZ Transport programme:
- 7.1.2 Brighton Mainline Upgrade Programme (BMUP) / Croydon Area Remodelling Scheme (CARS). Network Rail's assessment of future rail capacity needs post COVID suggest that CARS remains one of the most important capacity upgrade projects nationally. Croydon Council needs to remain a full partner and 'critical friend' as Network Rail continues the development of its proposals and Business case (subject to further funding being awarded by Department for Transport (DfT) for project development). The level of Croydon Council input will be dependent on the pace at which the DfT dictates.
- 7.1.3 West Croydon Station. Two recent events suggest that opportunities are arising to re-engage with Network Rail to pursue the rebuilding of West Croydon Station as per the West Croydon Masterplan. Network Rail has recently been re-engaged with a view to going to the next stage of feasibility (technical and financial) and design. The Station requires rebuilding before the implementation of CARS so that West Croydon can take additional passenger demand during the rebuilding of East Croydon Station.
- 7.1.4 'Trams for Growth 2'. TfL's strategy for growing the capacity of the current tram network 'Trams for Growth' informed the original GZ Transport Programme, delivery of many of the capacity increase measures in the Strategy to be supported with GZ funding. TfL is embarking on the remaking of 'Trams for Growth'. The development of 'Trams for Growth 2' needs to be a

partnership project between TfL and Croydon Council, given the importance of London Trams to Croydon, and the level of GZ investment previously envisaged to support delivery of 'Trams for Growth'.

- 7.1.5 Bus Priority Programme. Buses are critical to the sustainable recovery of the Town Centre and Growth Zone. The attractiveness of bus services is dependent on their journey speed and reliability. Bus Priority measures are critical in maintaining and improving bus journey time and reliability. TfL hopes to continue to fund a significant bus priority programme, but this is dependent on the financial bailout it receives from central government. The level of Growth Zone financial input into a Bus Priority programme focused on the Town Centre will be dependent on the level of Bus Priority funding from TfL, in turn dependent on the level of financial support provided to TfL from central government. The programme is vital to decreasing bus journey times, thereby enhancing the attractiveness of bus travel, and supporting affordable and sustainable access to the Growth Zone.
- 7.1.6 Walking and Cycling. TfL has identified Croydon as the London borough with the highest potential for both walking and cycling. That potential is focused on and around the Croydon Town Centre. Transforming the environment for walking and cycling into and within the Town Centre is a means by which reduced Growth Zone funding can still make a powerful impact and support a sustainable recovery. The scale and content of the programme is dependent on the level of additional funding TfL is able to provide, including Liveable Neighbourhood funding, following agreement with central government on the next financial bailout/support for TfL. The programme is critical to delivering on key Croydon Climate Crisis Commission recommendations and addressing the inactivity and resulting health crisis facing Croydon.
- 7.1.7 Construction Logistics and Delivery and Servicing Planning. Significant development is planned in the Croydon Opportunity Area. This means many more thousands of people living next to the services they require and excellent public transport. However, the delivery and servicing demands imposed by these new developments has the potential to impact on the quality of environment in the Town Centre both during the construction phase and the lifetime operational phase of those homes. There is an increasing need to plan and manage freight/delivery demand and traffic across the Town Centre, taking account of wider post pandemic shifts in on line retail and associated delivery. Freight movement will be vital to the success of the Town Centre but minimizing its impact within the Growth Zone is essential to creating a safe and attractive environment for people to move around in and enjoy.

## **8.1 Place and Public Realm Sub-Group**

- 8.1.1 Minster Green Project to be developed up to RIBA Stage 4 in 22/23 with onsite works starting in 22/23.
- 8.1.2 The Fair Field: a decision is required on the most appropriate way forward, either delivering the scheme submitted for planning approval, or a more interim solution. This will be explored through the Growth Zone Working Group and Steering Group. Coordination with other neighbouring developments will

continue.

## **8.2 Construction Logistics**

- 8.2.1 The Construction and Logistics team review the impact of additional traffic arising from construction vehicles on the road network especially the 'last mile' into Croydon town centre,
- 8.2.2 To ensure a seamless approach to delivering economic development and to safeguard the interests of residents, businesses and the travelling public we require to implement several measures to minimise disruption on the road network.
- 8.2.3 These projects include better co-ordination of works and encourage collaborative working; programming deliveries in orderly and timely manner; improve communications to the general public and monitoring air quality around developments.
- 8.2.4 Proposals for an Urban Freight Management Plan and Construction Consolidation Centre have been curtailed due to a lack of staff resource and due to development not coming forward at the rate previously anticipated. There are no immediate plans to restart the project.

## **8.3 Culture**

- 8.3.1 The Council has reaffirmed its commitment to London Borough of Culture 2023. The programme of cultural events and activities in the town centre will expand in the run up to Croydon's launch as London Borough of Culture in 2023, with key support to be established to help creative and cultural businesses and organisations to respond to changing requirements following the lifting of lockdown restrictions. The London Borough of Culture (LBoC) programme is a vital tool for the recovery of the cultural and creative sector and has been re-focused on grassroots activity that address inequalities and supports sector resilience and development.
- 8.3.2 Additional cultural activities delivered through the Growth Zone include a 50% contribution to the GLA Creative Enterprise Zone (CEZ) programme of £36k. The CEZ programme has been extended by the GLA with support from Croydon Council following the pandemic. It is anticipated the programme will now run till 31<sup>st</sup> October 2022. The role will vitally deliver a legacy programme in establishing the CEZ as an independent Community Interest Company to build a self-sustainable. In addition, £20k is required to support the assessment, recording and potential conservation of a number of significant street art pieces that were delivered during the Rise Festival in 2018. This was a visual arts programme supported by the Growth Zone under the original culture programme which saw a number of sites across the town centre activated through world-class street artists. The visual art identity of Croydon is vital to ensure it remains a vibrant destination in the lead up to London Borough of Culture 2023.

## **8.4 Smart City**

- 8.4.1 Smart City sensors and digital advertising deployment through smart bus shelter/street furniture deployment progressing with Valo Smart City. Currently working with Planning to gain Digital Advertising Consent before installation can commence. Successful deployment will provide public digital messaging, air quality monitoring, noise monitoring, traffic and footfall count at 185 locations across the borough. 4G small cells deployment to continue with Freshwave and BT Wholesale. Digital Inclusion workstream progressing to provide better Digital Inclusion skills support for Microbusinesses and SMEs. Developing GIS mapping for overall Digital Borough and Smart Cities connected data to support coordination of all public digital infrastructure across the borough, working with LBC services including highways, strategic transport and more.
- 8.4.2 An upgrade of the Council's public space CCTV infrastructure from an obsolete and unrepairable analogue system to a digital system.
- 8.4.3 The Digital Town Hub is set to identify wider benefits to the Council with a 12-month pilot period. South Norwood went live in Summer 2021 and Purley in August/September 2021; Thornton Heath is going live in early 2022

## **8.5 Social Infrastructure**

- 8.5.1 The provision of social infrastructure in the form of health, education, community and play facilities is an important aspect of the programme. They will support the growing number of residents and visitors to the town centre and avoid undue pressure on existing facilities.
- 8.5.2 Due to resourcing constraints, the social infrastructure programme has been reduced and is focusing on the Clocktower and Town Hall civic complex only.

## **9. CONSULTATION**

- 9.1 Consultation has taken place with key stakeholders and partners as established through the Growth Zone governance structures.

## **10. PRE-DECISION SCRUTINY**

- 10.1 The Chair of Scrutiny has confirmed Scrutiny committee do not wish to consider the report.

## **11. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS**

### **11.1 Revenue and Capital consequences of report recommendations**

The recommendation in this report is to re-profile the approved capital budget of £27.7 (approved February 2020 cabinet) million for financial year 22/23 to a new profile of £4 million.

## 11.2 The effect of the decision:

The effect of this decision is to ensure capital budget remains in line with anticipated expenditure based on the capacity to deliver and facilitates an appropriate programme given the current challenges, especially related to coronavirus pandemic recovery.

## 11.3 Risks:

The Growth Zone is subject to a governance process where the risks are reviewed on a regular basis. The key risks of the Growth Zone are set out below:

- The Growth Zone financial model is based on anticipated future business rates income, which would enable the Council to repay its borrowings. Any significant changes to future income streams will impact on the viability of the Growth Zone.
- The borrowing levels depend on the satisfactory progress of developments occurring in the town centre, which will bring about the uplift in business rates used to repay the debt. If these developments slip, the amount to be borrowed in future years could be affected and if so this variation will be reported to Cabinet.
- Any overspends in early programmes will impact on the funding available for later projects and programmes. Expenditure and delivery of projects will be managed by the Growth Zone Steering Group and Working Group. Any unavoidable overspend will mean a reduction in funding available for projects planned for the future.
- Project and programme delays could impact on the success of the Growth Zone. Governance arrangements are in place with partners and stakeholders to ensure clear understanding of roles and responsibilities. Regular cross partner meetings of the Growth Zone Steering Group and Working Group is a practical method of monitoring project management and the early identification of any delivery issues for attention.

## 11.4 Options

The only option proposed is to amend the profiled budget to align with delivery programmes based on 22/23 resource, acknowledge the current challenging circumstances and timescales of development sites.

## 11.5 Future savings/efficiencies

As further work is undertaken in the Growth Zone, a specific aspect will be the consideration of procurement routes and the packaging up of individual projects to identify and achieve cost efficiencies. The Growth Zone Steering Group brings all partners together to ensure the sharing of information and this will be the forum to facilitate much of these activities.

Approved by: Gerry Glover - Head of Finance (Sustainable Communities, Regeneration and Economic Recovery)

## **12. LEGAL CONSIDERATIONS**

- 12.1 The Interim Head of Commercial and Property Law comments on behalf of the Interim Director of Legal Services that the Non-Domestic Rating (Designated Areas) Regulations establish and enable what is known as a 'Local Growth Zone' by providing for the local retention of non-domestic rates collected in designated areas in England, Croydon being one of those areas. Through the 2018 Regulations the Growth Zone in Croydon is established for 16 years from 1<sup>st</sup> April 2018.
- 12.2 The recommendations in this report are in accordance with the Council's Constitution and in implementing the recommendations the officer decision maker will need to adhere to the Decision Making Protocol within Part 4G of the Constitution, the provisions of Part 4B of the Constitution in relation to Access to Information including the publication, where required, of key decision notices and will need to adhere to the provisions of the Budget and Policy Framework Procedure Rules at 4C.

Approved by: Kiri Bailey, Interim Head of Commercial and Property Law on behalf of the Interim Director of Legal Services and Deputy Monitoring Officer.

## **13. HUMAN RESOURCES IMPACT**

- 13.1 There are no immediate HR issues that arise from the recommendations in this report for LBC employees and staff. Should any matters arise these will be managed in accordance with the Council's policies and procedures.

Approved by: Gillian Bevan, Head of HR (Resources and Assistant Chief Executives) on behalf of the Chief People Officer.

## **14 EQUALITIES IMPACT**

- 14.1 A key priority for the Council is to work with our partners to make Croydon a safer, fairer and more inclusive place for all our communities. One of the Council's core priorities detailed in Equality Strategy 2020 -2024 is to focus on tackling ingrained inequalities and the underlying causes of inequality and hardship such as structural racism, environmental injustice and economic injustice. Successful delivery of the Growth Zone interventions and projects outlined in this report will create more opportunities for Croydon residents and contribute towards greater equality and fairness by focusing on tackling ingrained inequality and poverty in the borough reducing tackling the underlying causes, of inequality and hardship, such structural racism, environmental injustice and economic injustice.
- 14.2 The Equality Analysis dated February 2022 found that the programme will have a positive impact for all protected groups that share protected characteristics. These include improved accessibility within the street environment and access to public transport, a cultural offer that supports routes to employment and training opportunities; and safe and reliable public transport and walking and

cycling routes. This will be kept under further review during the life cycle of the programme.

- 14.3 Though the Equality Analysis has identified positive impact in many areas however mitigation has been identified to minimise and plan for any negative impacts that may rise across characteristics throughout the life of the project. The action plan will be reviewed and monitored.
- 14.4 Further Equalities Analyses are being undertaken for each individual Growth Zone project as these progress through the design stages. However, these further analyses have not been recorded so cannot be considered at this stage. The Growth Zone programme governance sets out that individual work stream sub-groups will ensure this occurs and where necessary action will be taken to mitigate any negative impacts on groups that share a protected characteristic.

Approved by: Denise McCausland, Equalities Programme Manager

## **15. ENVIRONMENTAL IMPACT**

- 15.1 Projects included in the Growth Zone are being delivered in line with current environmental requirements and the Local Plan policy, which promotes, as part of sustainable development, the consideration of environmental impacts. For example, the Growth Zone transport, corridors and public realm projects include specific objectives focused on improving air quality, increasing urban greening, tree planting and shading and provision of sustainable drainage. The Council is enhancing facilities for healthy and sustainable transport, targeting the shift from car use to walking, cycling and public transport in line with the Mayor's Transport Strategy targets and Healthy Streets indicators. The Energy, Smart City, Parking and Smart City workstreams are all focused on making best use of available data and technology to reduce the environmental impact of the town centre regeneration, and future population and visitor growth. In response to the Council's Declaration of a Climate and Ecological Emergency, we are reviewing where relevant projects could contribute more to tackling climate change.

## **16. CRIME AND DISORDER REDUCTION IMPACT**

- 16.1 The Borough Commander is aware of the Growth Zone and has requested regular progress reports to enable future planning for policing. The design of public realm schemes will involve liaison and consultation with the Metropolitan Police Service to reduce the risk to personal safety.

## **17. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION**

- 17.1 The decision to progress with the Growth Zone was taken by Cabinet in July 2016 and the Mayor of London in September 2016. Subsequently, Cabinet in December 2017 agreed the Growth Zone work programme for 2018/19, and an updated programme to 2023 was agreed by Cabinet in February 2020. Government approved the Regulations for the Growth Zone funding mechanism and area in February 2018. Since the inception of the Growth Zone and the initial Development Infrastructure Funding Study (January 2014), it has



been understood that the infrastructure required to mitigate the growth planned will not be delivered by existing delivery methods, current funding availability or through planning gain. Therefore, the Growth Zone is essential to enable the delivery of critical and essential infrastructure to mitigate the impact of the growth planned (Croydon Local Plan 2018, Croydon Opportunity Area Planning Framework 2013 and London Plan 2021) for the benefit of existing and future residents, businesses and visitors. The Growth Zone is an innovative approach to fund and deliver this critical and essential infrastructure.

- 17.2 The recommendation to approve a substantially reduced Growth Zone funding profile for the coming financial year reflects the need to undertake a review of the Growth Zone's assumptions and programme requirements in the light of the impact on the town centre of the coronavirus pandemic; changes to the pipeline of major developments; and the implications of the Council's current financial status. By retaining a slim lined £4m programme the Council can continue to progress key projects and secure external match-funding, during this period of review.

## **18. OPTIONS CONSIDERED AND REJECTED**

- 18.1 As part of the justification for the Growth Zone outlined in the July 2016 Cabinet report the option of not forward funding infrastructure, but to depend upon the market and the provision of infrastructure only through public sector capital funding, CIL and s106 was considered, but deemed unable to deliver the critical and essential infrastructure to mitigate planned growth. This remains the case today, the absence of the Growth Zone is very likely to lead to the accommodation of growth, especially in the Croydon Opportunity Area, without the critical and essential infrastructure identified in the approved Delivery Plan.
- 18.2 A zero budget for financial year 2022/23 was considered and deemed unjustified, this would risk the continuity of the programme and previous year's activities.
- 18.3 As noted above, the 2020 PWC review confirmed that switching off all planned Growth Zone investment would be unwise.

## **19. DATA PROTECTION IMPLICATIONS**

- 19.1 WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?

No

- 19.2 HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?

- 19.3 A DPIA has not been completed as the work of the Growth Zone programme includes no use or analysis of personal data. There are therefore no data protection implications.

Approved by: Louise Edwards, Information Manager

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**CONTACT OFFICER:** Steve Dennington, Head of Spatial Planning (ext.: 64973)

**APPENDICES TO THIS REPORT:**

**Appendix 1:** February 2022 - Growth Zone Equalities Impact Assessment

**BACKGROUND PAPERS:** March 2021 Delivering the Growth Zone Cabinet Paper – Item 48/21 -

[https://democracy.croydon.gov.uk/mgCalendarMonthView.aspx?GL=1&bcr=1&utm\\_source=interaction&utm\\_medium=find-it&utm\\_campaign=council-meetings](https://democracy.croydon.gov.uk/mgCalendarMonthView.aspx?GL=1&bcr=1&utm_source=interaction&utm_medium=find-it&utm_campaign=council-meetings)

# Equality Analysis Form

## 1. Introduction

### 1.1 Purpose of Equality Analysis

The council has an important role in creating a fair society through the services we provide, the people we employ and the money we spend. Equality is integral to everything the council does. We are committed to making Croydon a stronger, fairer borough where no community or individual is held back.

Undertaking an Equality Analysis helps to determine whether a proposed change will have a positive, negative, or no impact on groups that share a protected characteristic. Conclusions drawn from Equality Analyses helps us to better understand the needs of all our communities, enable us to target services and budgets more effectively and also helps us to comply with the Equality Act 2010.

An equality analysis must be completed as early as possible during the planning stages of any proposed change to ensure information gained from the process is incorporated in any decisions made.

In practice, the term '**proposed change**' broadly covers the following:-

- Policies, strategies and plans;
- Projects and programmes;
- Commissioning (including re-commissioning and de-commissioning);
- Service review;
- Budget allocation/analysis;
- Staff restructures (including outsourcing);
- Business transformation programmes;
- Organisational change programmes;
- Processes (for example thresholds, eligibility, entitlements, and access criteria).

## 2. Proposed change

Directorate	<b>Spatial Planning, Growth Zone and Regeneration</b>
Title of proposed change	<b>Equalities Analysis – Croydon Growth Zone February 2022</b>
Name of Officer carrying out Equality Analysis	<b>Meaghan Kombol</b>

## 2.1 Purpose of proposed change (see 1.1 above for examples of proposed changes)

*Briefly summarise the proposed change and why it is being considered/anticipated outcomes. What is meant to achieve and how is it seeking to achieve this? Please also state if it is an amendment to an existing arrangement or a new proposal.*

London Borough of Croydon is preparing for significant growth over the next 20 years. **The Croydon Growth Zone** was established in 2014 (and approved at Cabinet in 2016) as a framework for identifying, developing, funding and delivering infrastructure projects in the central area of Croydon, to enable increased economic growth through sustainable development. The Government identified Croydon as a Growth Zone in its 2014 Autumn Statement and subsequently confirmed the designation in the 2015 spring budget.

The Growth Zone programme originally comprised 46 projects, totalling £520million of improvements supported by a loan of up to £309.9million with the balance (circa £210million) met from other sources including TfL, the GLA or planning obligations. The business case and detailed background for these projects were included in the Growth Zone Delivery Plan and Programme produced by Peter Brett Associates in March 2018.

Significant progress has been made with town centre developments to move to the delivery stage of the Growth Zone programme. The package of measures aim to support the growing borough through providing enhanced transport capacity, reduced air pollution, an exciting cultural offer and the creation of new jobs as part of a larger, stronger local economy. It is anticipated that the Growth Zone framework will be in place until 2034, when the necessary infrastructure projects will have been fully implemented using funding drawn down from the loan financed by the business rate uplift in addition to funding from various other sources.

A new Cabinet Brief for 2022/23 has been written which shows a one year proposed programme, and is the subject of this EQIA. (It should be noted that an EQIA was undertaken for the Growth Zone September 2018). The new programme contains a range of proposed schemes across the borough, including Transport improvements, public realm improvements, pedestrian/cycling improvements, school streets, safety schemes, cycle parking, bus priority and a programme of cultural events as a part of Croydon's London Borough of Culture in 2023.

## 3. Impact of the proposed change

**Important Note:** It is necessary to determine how each of the protected groups could be impacted by the proposed change. Who benefits and how (and who, therefore doesn't and why?) Summarise any positive impacts or benefits, any negative impacts and any neutral impacts and the evidence you have taken into account to reach this conclusion. Be aware that there may be positive, negative and neutral impacts within each characteristic.

Where an impact is unknown, state so. If there is insufficient information or evidence to reach a decision you will need to gather appropriate quantitative and qualitative information from a range of sources e.g. Croydon Observatory a useful source of information such as Borough Strategies and Plans, Borough and Ward Profiles, Joint Strategic Health Needs Assessments <http://www.croydonobservatory.org/> Other sources include performance monitoring reports, complaints, survey data, audit reports, inspection reports, national research and feedback gained through engagement with service users, voluntary and community organisations and contractors.

### 3.1 Deciding whether the potential impact is positive or negative

**Table 1 – Positive/Negative impact**

For each protected characteristic group show whether the impact of the proposed change on service users and/or staff is positive or negative by briefly outlining the nature of the impact in the appropriate column. . If it is decided that analysis is not relevant to some groups, this should be recorded and explained. In all circumstances you should list the source of the evidence used to make this judgement where possible.			
Protected characteristic group(s)	Positive impact	Negative impact	Source of evidence
Age	<p>The improvements will look to address the following statement:</p> <p>Children and young people often have their independent mobility curtailed due to concerns over road safety.</p> <p>Convenient, safe and reliable public transport is important for older people to continue participating in society.</p> <p>Safe and attractive walking and cycling routes facilitate travel by means other than the car as a way reducing congestion.</p> <p>The environmental quality and accessibility of the public realm is important for older people. Provision of accessible places to rest and street furniture is essential to encourage older people to enjoy the public realm.</p> <p>Reduction in traffic speeds and congestion increases road safety and improves pedestrian environment and perceived accessibility.</p> <p>Croydon has one of the highest levels of childhood obesity in London where the level is also generally higher than the rest of the country. Making walking and cycling to schools safer and more pleasant reduces childhood obesity.</p>	<p>None specific. Disadvantage may be Disability related. The proportion of Londoners who are disabled increases with age. 5% of 16 to 24-year-olds are disabled compared with 44% of Londoners aged 65 or over. See 'Disability' below.</p>	<p>Mayor of London's Transport Strategy;</p> <p>Mayor's Air Quality Strategy;</p> <p>Travel in London: Understanding our diverse communities 2019.</p> <p>Policy Studies Institutes study 'Children's Independent Mobility: A Comparative Study in England and Germany 1970 – 2010'</p> <p>Independent Mobility and Child Development, Nuffield Foundation</p> <p>'Making Cycling Irresistible: Lessons from The Netherlands, Denmark and Germany', JOHN PUCHER and RALPH BUEHLER (2008)</p> <p>'Young People's Travel – What's Changed and Why? Review and Analysis' (2018).</p> <p>Healthy Croydon Green Infrastructure &amp; Natural Capital Accounting (2019).</p>

Disability	<p>Schools, shops, public realm and public transport are not always fully accessible and restrict access to employment, training and leisure for people living with a disability. People with impaired mobility will benefit from the area wide approach to improving access.</p> <p>The programme includes improvements to footways, including dropped kerbs, tactile paving and adjustment to bus stops to enhance accessibility, improved pedestrian crossings facilities and road safety improvements.</p> <p>The improvements will also deliver improved accessibility within the street environment and access to public transport at rail and tram stations. The work will attempt to design out as many barriers to movement as possible, including step free access, kerbs and steep ramp gradients and enhanced legibility.</p> <p>Implementation of inclusive design that meets the need of disabled people living with disabilities. Major public realm improvements are planned within the Town Centre each of which is the subject of separate access audits and will look to enhance accessibility.</p>	<p>The measures in the programme are intended to help all to choose to travel actively. However, care in design and implementation is needed including engaging with disabled people to help ensure that that the programme does address the many barriers that disabled people face to Active Travel and to encourage take up of walking, wheeling and cycling, and to create an accessible public transport system as a viable alternative to car-use. The Healthy Neighbourhood programme is one as is the public realm improvements in the town centre. However, additional action is likely to be required (work informed by access audits) to minimize barriers to movement for disabled people within and through these areas. Individual public realm, and Healthy Street projects will have their own Equalities Analysis undertaken.</p>	<p>Travel in London: Understanding our diverse communities 2019; TfL Cycling Action Plan. Pave The Way, Transport for All, January 2021</p> <p>EQIA for Healthy Streets</p> <p>EQIA for the Minster</p> <p>EQIA for Fairfield</p> <p>EQIA for Croydon Lit</p>
Sex	<p>Car ownership amongst women is lower than that amongst men, suggesting women are more reliant on other forms of transport including walking. This element of the delivery programme seeks to improve the pedestrian environment at local centre and transport corridors. It also seeks to support centre vitality and viability and thus sustain local services more readily accessed on foot.</p>	n/a	<p>Mayor of London's Transport Strategy; TfL Cycling Action Plan; TfL Travel in London Reports; Travel in London: Understanding our diverse communities 2019.</p>

	<p>Less women than men currently cycle. Research has shown that one of the biggest barriers to more women taking up cycling is road danger. Schemes that reduce road danger and provide safer spaces for cycling will benefit women. Women often feel unsafe walking within the built environment, particularly after dark. Schemes need to be appropriately lit, designed and encourage surveillance to address both the perception of fear and the actual. Schemes that encourage more walking/cycling/public transport use, should result in higher levels of natural surveillance on the street, benefitting those more vulnerable to street crime.</p>		
Gender Identity	<p>People with this transgender and non-binary individuals may be more vulnerable to hate crime. Schemes that encourage more walking/cycling/public transport use, should result in higher levels of natural surveillance on the street, benefitting those more vulnerable to street crime.</p> <p>Through working with art-based organisations, the Growth Zone is supporting artists and arts groups developing work that could be included in Croydon Pride 2023. Through the work with the Culture team to include artwork in the town centre, the programme aims to make places feel safe, to enhance placemaking and help to build civic pride and inclusive communities. This will also help support marginalized people through directing them to the arts through jobs and training</p>	n/a	<p>Travel in London: Understanding our diverse communities 2019. London Borough of Culture Stakeholder engagement 2021. Croydon Creates, Our Cultural Plan for Croydon, 2019 - 2023</p>
Marriage or Civil Partnership	<p>Impact here will be identified/the same as other protected characteristics, such as: race, religion or belief, gender identity, sex, disability, sexual orientation or pregnancy and maternity.</p>	<p>Impact here will be identified/the same as other protected characteristics, such as: race, religion or belief, gender identity, sex, disability, sexual orientation or pregnancy and maternity.</p>	



Religion or belief	Where there may be correlations between religion and race (see below characteristic commentary). More than half of black (68%) and white (57%) Londoners report that they are Christian. Asian Londoners and Londoners who have selected 'other' to describe their ethnic group are most likely to be Muslims (36% of Asian Londoners and 50% of Londoners selecting 'other' ethnic group are Muslims).The creation of safe, well surveilled environments that mitigate against hate crime.	Where there may be correlations between religion and race (see below).	Travel in London: Understanding our diverse communities 2019.
Race	<p>Cultural offer is designed to be diverse and inclusive of all races and ethnicities. Opportunities presented by the cultural programme support young people from BME backgrounds in terms of life chances, routes to employment and their wellbeing. This includes:</p> <ul style="list-style-type: none"> <li>• Ensure our residents can access rich cultural experiences as part of their everyday lives, so we see an increase in the number of participants in the borough's cultural offer.</li> <li>• Support work that targets differently disadvantaged groups across Croydon through our grant aid and developmental opportunities</li> <li>• Identify barriers to participation and challenges, so that activities can include everyone and monitor that change</li> <li>• Embrace the diverse nature of our borough, supporting events that represent our various communities, such as Croydon PrideFest and Croydon Mela</li> <li>• Expand our Libraries service offer to further improve accessibility, increase our cultural offering and implement of a programme of activities (Libraries Plan 2019-2029)</li> <li>• Support small-scale and grass roots cultural activity from across the borough</li> </ul>	n/a	TfL Cycling Action Plan, TfL Travel in London Reports, Travel in London: Understanding our diverse communities 2019. Croydon Creates, Our Cultural Plan for Croydon, 2019 - 2023

	<ul style="list-style-type: none"> <li>• Make culture a significant element in borough-wide district regeneration plans</li> <li>• Ensure that a significant part of Croydon's cultural offer remains free</li> <li>• Put people and community ownership first, having our communities as active partners in programmes, exhibitions and collections of the Clocktower and Museum</li> </ul> <p>Those from BAME groups are more likely to walk or use the bus and will benefit the most from walking and bus priority/accessibility schemes. BAME Londoners are more at risk of being killed or seriously injured and will therefore benefit from schemes that reduce road danger. BAME Londoners are less likely to hold a driving licence compared to white Londoners, so will benefit more from sustainable travel schemes. (It should be noted that cycling levels amongst BAME and white Londoners is similar).</p>		
Sexual Orientation	LGBTQ+ people may be more vulnerable to hate crime. Schemes that encourage more walking/cycling/public transport use and enhanced and more accessible public realm should result in higher levels of natural surveillance on the street, benefitting those more vulnerable to street crime.	n/a	Travel in London: Understanding our diverse communities 2019.
Pregnancy or Maternity	Women tend to have less access to cars and are more likely to depend on public transport for making local journeys for shopping, childcare and work. The improvements will deliver ramps and level access as well as seats/benches for people to perch as well as seats with backs in playgrounds in the public realm and on public transport for pushchairs. The schemes will attempt to design out as many barriers to movement as possible,	Access to accessible toilets for pregnant women has been identified as an issue in the public realm. Action plans to be undertaken to identify opportunities for the design of public realm spaces which allows for the provision of accessible toilets.	Croydon Works Travel in London: Understanding our diverse communities 2019. Croydon's Local Plan 2018 (Strategic Objective 8 and 10)

	<p>including limitations to step free access, kerbs and steep ramp gradients.</p> <p>The increased accessibility of bus stops and quicker journey times, should benefit people pushing buggies, as should improvements to tram and train services.</p> <p>Croydon Works delivers opportunities for women who have to balance work and domestic responsibilities helping them access suitable employment and training opportunities close to home.</p>		
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**Important note:** You must act to eliminate any potential negative impact which, if it occurred would breach the Equality Act 2010. In some situations this could mean abandoning your proposed change as you may not be able to take action to mitigate all negative impacts.

When you act to reduce any negative impact or maximise any positive impact, you must ensure that this does not create a negative impact on service users and/or staff belonging to groups that share protected characteristics. **Please use table 4 to record actions that will be taken to remove or minimise any potential negative impact**

**3.2 Additional information needed to determine impact of proposed change**

**Table 2 – Additional information needed to determine impact of proposed change**

<p>If you need to undertake further research and data gathering to help determine the likely impact of the proposed change, outline the information needed in this table. Please use the table below to describe any consultation with stakeholders and summarise how it has influenced the proposed change. Please attach evidence or provide link to appropriate data or reports:</p>		
Additional information needed and or Consultation Findings	Information source	Date for completion

For guidance and support with consultation and engagement visit <https://intranet.croydon.gov.uk/working-croydon/communications/consultation-and-engagement/starting-engagement-or-consultation>

### 3.3 Impact scores

#### Example

If we are going to reduce parking provision in a particular location, officers will need to assess the equality impact as follows;

1. Determine the Likelihood of impact. You can do this by using the key in table 5 as a guide, for the purpose of this example, the likelihood of impact score is 2 (likely to impact)
2. Determine the Severity of impact. You can do this by using the key in table 5 as a guide, for the purpose of this example, the Severity of impact score is also 2 (likely to impact )
3. Calculate the equality impact score using table 4 below and the formula **Likelihood x Severity** and record it in table 5, for the purpose of this example - **Likelihood (2) x Severity (2) = 4**

Table 4 – Equality Impact Score

<b>Severity of Impact</b>	3	3	6	9
	2	2	4	6
	1	1	2	3
		1	2	3
	<b>Likelihood of Impact</b>			

#### Key

Risk Index	Risk Magnitude
6 – 9	High
3 – 5	Medium
1 – 3	Low

**Table 3 – Impact scores**

<b>Column 1</b>  <b>PROTECTED GROUP</b>	<b>Column 2</b>  <b>LIKELIHOOD OF IMPACT SCORE</b>  Use the key below to <b>score</b> the <b>likelihood</b> of the proposed change impacting each of the protected groups, by inserting either 1, 2, or 3 against each protected group.  <b>1 = Unlikely to impact</b> <b>2 = Likely to impact</b> <b>3 = Certain to impact</b>	<b>Column 3</b>  <b>SEVERITY OF IMPACT SCORE</b>  Use the key below to <b>score</b> the <b>severity</b> of impact of the proposed change on each of the protected groups, by inserting either 1, 2, or 3 against each protected group.  <b>1 = Unlikely to impact</b> <b>2 = Likely to impact</b> <b>3 = Certain to impact</b>	<b>Column 4</b>  <b>EQUALITY IMPACT SCORE</b>  Calculate the <b>equality impact score</b> for each protected group by multiplying scores in column 2 by scores in column 3. Enter the results below against each protected group.  <b>Equality impact score = likelihood of impact score x severity of impact score.</b>
Age	2	2	4
Disability	2	2	4
Sex	1	1	1
Gender Identity	1	1	1
Marriage / Civil Partnership	1	1	1
Race	1	1	1
Religion or belief	1	1	1
Sexual Orientation	1	1	1
Pregnancy or Maternity	2	1	2

## 4. Statutory duties

### 4.1 Public Sector Duties

Tick the relevant box(es) to indicate whether the proposed change will adversely impact the Council's ability to meet any of the Public Sector Duties in the Equality Act 2010 set out below.

Advancing equality of opportunity between people who belong to protected groups

Eliminating unlawful discrimination, harassment and victimisation

Fostering good relations between people who belong to protected characteristic groups

**Important note:** If the proposed change adversely impacts the Council's ability to meet any of the Public Sector Duties set out above, mitigating actions must be outlined in the Action Plan in section 5 below.

## 5. Action Plan to mitigate negative impacts of proposed change

**Important note:** Describe what alternatives have been considered and/or what actions will be taken to remove or minimise any potential negative impact identified in Table 1. Attach evidence or provide link to appropriate data, reports, etc:

**Table 4 – Action Plan to mitigate negative impacts**

Complete this table to show any negative impacts identified for service users and/or staff from protected groups, and planned actions mitigate them.				
Protected characteristic	Negative impact	Mitigating action(s)	Action owner	Date for completion
Disability	All improvements have positive outcomes for everyone, however weaknesses in partnership working may result in schemes that don't maximise positive outcomes for groups sharing protected characteristics, in particular schemes undertaken by developers under their planning obligations, schemes	In developing the Growth Zone programme significant engagement has already taken place and continues with major developers and utility companies to identify infrastructure requirements. Policy objectives have been strengthened in	Spatial Planning, planning team  Growth Zone	Local Plan Review completed and out for review  Green Travel Plan completed.

	<p>in geographical areas that don't have strong representation from relevant age/disability groups, etc.</p> <p>The audit for the public realm project in Old Town identified identified a potential negative effect for people with disabilities ability access the church/community centre, including on those with an essential need to use a car.</p>	<p>the Local Plan Review (2019-2039) which require developers to create accessible developments, including access to buildings, public realm and private and public amenity spaces.</p> <p>The Old Town public realm project helped to create a behaviour change with the community by creating a partnership between the end-user and Sustrans, enabled the creation of a Green Travel Plan (including a mini-bus, blue-badge parking and discounted/free car parking in a nearby facility).</p> <p>Existing and future projects to have an Accessible Audit undertaken with the Mobility Forum and the council's Access Officer.</p>		<p>Accessibility Audits to be undertaken at RIBA Stage 2/3 of projects.</p>
Race	n/a	n/a	n/a	n/a
Sex (gender)	n/a	n/a	n/a	n/a
Gender reassignment	n/a	n/a	n/a	n/a
Sexual orientation	n/a	n/a	n/a	n/a
Age	None specific, potentially related to age related Disability. See 'Disability' section above.	See 'Disability' above	Spatial Planning, planning team	Local Plan Review completed and out for review.

# Equality Analysis

				Accessibility Audits to be undertaken at RIBA Stage 2/3 of projects.
Religion or belief	n/a	n/a	n/a	n/a
Pregnancy or maternity	n/a	n/a	n/a	n/a
Marriage/civil partnership	n/a	n/a	n/a	n/a

## 6. Decision on the proposed change

Page 88

Based on the information outlined in this Equality Analysis enter <b>X</b> in column 3 ( <b>Conclusion</b> ) alongside the relevant statement to show your conclusion.		
Decision	Definition	Conclusion - Mark 'X' below
No major change	Our analysis demonstrates that the policy is robust. The evidence shows no potential for discrimination and we have taken all opportunities to advance equality and foster good relations, subject to continuing monitoring and review. <b>If you reach this conclusion, state your reasons and briefly outline the evidence used to support your decision.</b>	
Adjust the proposed change	<p>We will take steps to lessen the impact of the proposed change should it adversely impact the Council's ability to meet any of the Public Sector Duties set out under section 4 above, remove barriers or better promote equality. We are going to take action to ensure these opportunities are realised. <b>If you reach this conclusion, you must outline the actions you will take in Action Plan in section 5 of the Equality Analysis form</b></p> <p>The Equalities Analysis has been initiated for the Growth Zone programme as a whole and further analysis will be undertaken as individual projects are progressed through the design stages and accessibility audits taken out at appropriate project stages. The sub-groups will ensure this occurs and where necessary action will be taken to mitigate any negative impacts on groups that share a protected characteristic.</p> <p>In addition, in exercising any delegated decision making, the officer in question will ensure that Equalities Analysis are appropriately explored and considered by the Decision maker prior to such decisions being taken.</p>	<b>X</b>



# Equality Analysis

Continue the proposed change	We will adopt or continue with the change, despite potential for adverse impact or opportunities to lessen the impact of discrimination, harassment or victimisation and better advance equality and foster good relations between groups through the change. However, we are not planning to implement them as we are satisfied that our project will not lead to unlawful discrimination and there are justifiable reasons to continue as planned. <b>If you reach this conclusion, you should clearly set out the justifications for doing this and it must be in line with the duty to have due regard and how you reached this decision.</b>	
Stop or amend the proposed change	Our change would have adverse effects on one or more protected groups that are not justified and cannot be mitigated. Our proposed change must be stopped or amended.	
Will this decision be considered at a scheduled meeting? e.g. Contracts and Commissioning Board (CCB) / Cabinet		Meeting title: Date:

Page 89

## 7. Sign-Off

<b>Officers that must approve this decision</b>		
<b>Equalities Lead</b>	<b>Name:</b> Denise McCausland <b>Position:</b> Equalities Programme Manager	<b>Date:</b> 02/02/22
<b>Director</b>	<b>Name:</b> Heather Cheesbrough <b>Position:</b> Director of Planning and Sustainable Regeneration	<b>Date:</b> 03/02/22

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<b>REPORT TO:</b>	<b>CABINET INSERT 21<sup>st</sup> February 2022</b>
<b>SUBJECT:</b>	<b>INVESTING IN OUR BOROUGH</b>
<b>LEAD OFFICER:</b>	<b>PETER MITCHELL, INTERIM DIRECTOR OF COMMERCIAL INVESTMENT</b>
	<b>RICHARD ENNIS, INTERIM S151 OFFICER &amp; CORPORATE DIRECTOR OF RESOURCES</b>
<b>CABINET MEMBER:</b>	<b>COUNCILLOR CALLTON YOUNG CABINET MEMBER FOR RESOURCES AND FINANCIAL GOVERNANCE</b>
<b>WARDS:</b>	<b>ALL</b>
<b>CORPORATE PRIORITY/POLICY CONTEXT</b>	
<p>Effective outcome based commissioning and prudent financial transactions contribute to all corporate priorities.</p> <p>The Council's Commissioning Framework (2019 – 2023) sets out the approach to commissioning and procurement and puts delivery of outcomes at the heart of the decision making process. As the Council develops more diverse service delivery models, it is important to ensure that our contractual and partnership relationships are not only aligned to our corporate priorities but also represent value for money for citizens and taxpayers.</p>	
<b>FINANCIAL SUMMARY:</b> Financial implications are set out in each individual report.	
<b>KEY DECISION REFERENCE NO.:</b>	
There are key decisions mentioned in this report, but approval of the Recommendations would not constitute a key decision.	

The Leader of the Council has delegated to the Cabinet the power to make the decisions set out in the recommendations below

### 1 RECOMMENDATIONS

1.1 The Cabinet is requested to note:

1.1.1 The request for approval of the strategy for Arboricultural Services as set out in agenda item X and section 5.1.1.

1.1.2 The request for approval of the award for Corporate Cleaning and Security Services as set out in agenda item X and section 5.1.1.

1.1.3 Contract award decisions to be made between £500,000 and £5,000,000 by the nominated Cabinet Member or, where the nominated Cabinet Member is in consultation with the Leader as set out in section 5.3.1.

1.1.4 Delegated award decisions made by the Director of Commercial Investment since the last meeting of Cabinet, as set out in section 5.4.1

1.1.5 Property lettings, acquisitions and disposals to be agreed by the Cabinet Member for Resources and Financial Governance in consultation with the Leader since the last meeting of Cabinet, as set out in section 5.5.1

## **2 EXECUTIVE SUMMARY**

2.1 This is a standing report which is presented to the Cabinet, for information, at every scheduled Cabinet meeting to update Members on:

- Contract awards and strategies to be agreed by the Cabinet at this meeting which are the subject of a separate agenda item;
- Revenue and capital consequences of contract award decisions taken by the Leader due to decisions required prior to the February Cabinet meeting;
- Contracts between £500,000 and £5,000,000 anticipated to be awarded under delegated authority from the Leader by the nominated Cabinet Member, in consultation with the Cabinet Member for Resources and Financial Governance and with the Leader in certain circumstances, before the next meeting of Cabinet;
- Delegated contract award decisions made by the Director of Commercial Investment since the last meeting of Cabinet;
- Property lettings, acquisitions and disposals to be agreed by the Cabinet Member for Resources and Financial Governance in consultation with the Leader since the last meeting of Cabinet;
- Partnership arrangements to be agreed by the Cabinet at this meeting which are the subject of a separate agenda item.  
*[As at the date of this report there are none]*

## **3 DETAIL**

3.1 Section 5.1.1 of this report lists those contract and procurement strategies that are anticipated to be awarded or approved by the Cabinet.

3.2 Section 5.2.1 of this report lists those contract award decisions taken by the Leader due to decisions required prior to the February Cabinet meeting.

- 3.3 Section 5.3.1 of this report lists those contracts that are anticipated to be awarded by the nominated Cabinet Member
- 3.4 Section 5.4.1 of this report lists the delegated award decisions made by the Director of Commercial Investment since the last meeting of Cabinet.
- 3.5 Section 5.5.1 of this report lists the property acquisitions and disposals to be agreed by the Cabinet Member for Resources & Financial Governance in consultation with the Leader since the last meeting of Cabinet.
- 3.6 The Council's Procurement Strategy and Tender & Contracts Regulations are accessible under the Freedom of Information Act 2000 as part of the Council's Publication Scheme. Information requested under that Act about a specific procurement exercise or contract held internally or supplied by external organisations, will be accessible subject to legal advice as to its commercial confidentiality, or other applicable exemption, and whether or not it is in the public interest to do so.

#### 4 PRE-DECISION SCRUTINY

- 4.1 This report does not require pre-decision as all the reports listed below are compliant with the Council's Tender & Contracts Regulations.

#### 5 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

##### 5.1 Proposed Strategy and Award approvals

5.1.1 Procurement strategies and awards for the purchase of goods, services and works with a possible contract value over £5 million decisions to be taken by Cabinet which are agenda items **XX**.

Award/Strategy	Contract Revenue Budget	Contract Capital Budget	Annual Spend	Dept/Cabinet Member
Arboricultural Services	£300,000 (Value of extension) £9,521,396 (Total aggregated Spend)		£750,000	Sustainable Croydon/ Resources and Financial Governance/ Cllr Mohammad Ali/ Cllr Callton Young

<b>Award/Strategy</b>	<b>Contract Revenue Budget</b>	<b>Contract Capital Budget</b>	<b>Annual Spend</b>	<b>Dept/Cabinet Member</b>
Corporate Cleaning and Security Services	£3,142,000 (value of 2year extension) £10,031,000 (6 year total aggregated spend)  £2,398,000 (value of 2year extension) £7,645,000 (6 year total aggregated spend)		£1,571,000 (Lot 1)  £1,199,000 (Lot 2)	Cllr Patricia Hay-Justice Cabinet Member for Homes  Cllr Callton Young Cabinet Member for Resources and Financial Governance

## 5.2 Contract Award decisions taken by the leader

5.2.1 Revenue and capital consequences of contract award decisions taken by the Leader due to decisions required prior to the February Cabinet meeting.

<b>Contract Title</b>	<b>Contract Revenue Budget</b>	<b>Contract Capital Budget</b>	<b>Annual Spend</b>	<b>Dept/Cabinet Member</b>
	£ (value of extension) £ (Total aggregated spend)		£	

## 5.3 Contract Awards

5.3.1 Revenue and Capital consequences of contract award decisions to be made between £500,000 and £5,000,000 by the nominated Cabinet Member in consultation with the Cabinet Member for Resources & Financial Governance or, where the nominated Cabinet Member is the Cabinet Member for Resources & Financial Governance, in consultation with the Leader.

<b>Contract Title</b>	<b>Contract Revenue Budget</b>	<b>Contract Capital Budget</b>	<b>Annual Spend</b>	<b>Dept/Cabinet Member</b>
Corporate Property, Terrorism and Casualty Insurance	£355,526 (Lot 1 value of 2 year extension) £885,815 (total aggregated spend)		£177,163	Cllr Callton Young Resources and Financial Governance
	£55,650 (Lot 2 Value of 2 year extension) £139,125 (total aggregated spend)		£27,825	
	£768,862 (Lot 3 Value of 2 year extension) £1,922,155 (total aggregated spend)		£384,431	
High Volume Print & Mail Services	£1,780,000 (value of extension 1+1 years)  £3,560,000 (4 years total aggregated spend)		£890,000	Cllr Callton Young Resources and Financial Governance

#### 5.4 Strategy and Contract Awards

5.4.1 Revenue and Capital consequences of delegated decisions made by the Director of Commercial Investment for procurement strategies up to £5 million, contract awards (Regs. 11, 28.4 a & b) between £100,000 and £500,000 and contract extension(s) previously approved as part of the original contract award recommendation (Reg. 28.4 d) and contract variations (Reg.30).

<b>Contract Title</b>	<b>Contract Revenue Budget</b>	<b>Contract Capital Budget</b>	<b>Annual Spend</b>	<b>Dept</b>
Croydon Best Start	£582,000 (contract length of 22 months)		£317,683	Cllr Alisa Fleming Children, Young People and Learning
Early Years Family Healthy Behaviours Service	£880,000 (contract length of 4years)		£220,000	Cllr Alisa Fleming For Children, Young People and Learning Cllr Janet Campbell For Families, Health and Social Care Cllr Callton Young For Resources and Financial Governance

#### **CONTRACT VARIATIONS & EXTENSIONS**

<b>Contract Title</b>	<b>Value of Contract to Date</b>	<b>Value of Extension Term</b>	<b>Total Revenue value including extension term</b>	<b>Contract Capital Budget</b>	<b>Annual Spend</b>	<b>Dept.</b>

### **5.5 Acquisitions and Disposals**

5.5.1 Revenue and Capital consequences of property acquisitions and disposals over £500,000 to be agreed by the Cabinet Member for Resources and Financial Governance in consultation with the Leader.



<b>Contract Title</b>	<b>Disposals</b>	<b>Acquisitions</b>	<b>Dept/Cabinet Member</b>
Property Disposal Update as part of the Interim Asset Disposal Strategy	<ul style="list-style-type: none"> <li>• Goldcrest</li> <li>• Former Buffer Bear nursery site, New Addington</li> </ul>		Resources and Financial Governance/Cllr Young

Approved by: Matthew Davis, Interim Director of Finance, on behalf of Richard Ennis, Interim S151 Officer & Corporate Director of Resources

## **6 LEGAL CONSIDERATIONS**

- 6.1 The information contained within this report in relation to contracts is required to be reported to Members in accordance with Appendix B of the Council's Tenders Contracts Regulations and, in relation to the acquisition or disposal of assets, Regulation 9.3 of the Council's Financial Regulations. which states 'Recommendations on acquisitions or disposals valued between £500k and up to £5m must also be approved by the Cabinet Member for Finance and Resources in consultation with the Leader of the Council, subject to the intention to do so having been reported to a previous meeting of Cabinet and in accordance with the Leader's Scheme of Delegation. Recommendations on acquisitions or disposals valued over £5m will be reported for approval to Cabinet.'

Approved by: Kiri Bailey, Interim Head of Commercial & Property Law, on behalf of the Interim Director of Legal Services

## **7 HUMAN RESOURCES IMPACT**

- 7.1 There are no immediate HR issues that arise from the strategic recommendations in this report for LBC employees and staff. Any specific contracts that arise as a result of this report should have their HR implications independently assessed by a senior HR professional.

Approved by: Gillian Bevan, Head of Human Resources - Resources  
 Jenny Sankar, Head of Human Resources - Place  
 Debbie Calliste, Head of Human Resources – Health, Wellbeing and Adults and Children, Families and Education

## **8 EQUALITY IMPACT**

- 8.1 An Equality Analysis process has been used to assess the actual or likely impact of the decisions related to contracts mentioned in this report and mitigating actions have been defined where appropriate.
- 8.2 The equality analysis for the contracts mentioned in this report will enable the Council to ensure that it meets the statutory obligation in the exercise of its functions to address the Public Sector Equality Duty (PSED). This requires public bodies to ensure due regard to the need to advance equality of opportunity; foster good relations between people who share a “protected characteristic” and those who do not and take action to eliminate the potential of discrimination in the provision of services.
- 8.3 Any issues identified through the equality analysis will be given full consideration and agreed mitigating actions will be delivered through the standard contract delivery and reporting mechanisms.

## **9 ENVIRONMENTAL IMPACT**

- 9.1 Any issues emerging in reports to the relevant Cabinet Member will require these considerations to be included as part of the standard reporting requirements, and will not proceed without full consideration of any issues identified.

## **10 CRIME AND DISORDER REDUCTION IMPACT**

- 10.1 Any issues emerging in reports to the relevant Cabinet Member will require these considerations to be included as part of the standard reporting requirements, and will not proceed without full consideration of any issues identified.

## **11 DATA PROTECTION IMPLICATIONS**

- 11.1 Will the subject of the report involve the processing of ‘personal data’?

NO

Has a Data Protection Impact Assessment (DPIA) been completed?

NO

Data Protection Impact Assessments have been used to assess the actual or likely impact of the decisions related to contracts mentioned in this report and mitigating actions have been defined where appropriate.

Approved by: Peter Mitchell, Interim Director of Commercial Investment and Scott Funnell, Head of Strategic Procurement and Governance

**CONTACT OFFICER:**

<b>Name:</b>	Scott Funnell
<b>Post title:</b>	Head of Strategic Procurement and Governance
<b>Telephone no:</b>	07510 585090

**BACKGROUND DOCUMENTS:**

- Corporate Property, Terrorism and Casualty Insurance
- High Volume Print & Mail Services
- Property Disposals as part of the Interim Asset Disposal Strategy

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## PART A GENERAL RELEASE

Date of meeting	13 <sup>th</sup> January 2022
By	Malcolm Davies, Head of Fraud, Risk and Insurance
Title	Corporate Property, Terrorism and Casualty insurance
Project Sponsor	Richard Ennis Corporate Director Resources
Corporate Director	Richard Ennis Corporate Director Resources
Lead Member	Cabinet Member for Resources and Financial Governance, Councillor Young
Key Decision	<u>0222RFG.</u>

**1. Recommendations**

The Contracts and Commissioning Board is asked to recommend to the Cabinet Member for Resources and Financial Governance, in consultation with the Leader to approve the award of three contracts in accordance with Regulation 28.4c of the Council's Tenders and Contracts Regulations as set out in the detail below:

The Leader of the Council has delegated to the Cabinet Member for Resources and Financial Governance the power to make the decisions set out in the recommendations below:

## DRAFT RECOMMENDATIONS

1. the Cabinet Member for Resources and Financial Governance, in consultation with the Leader, is recommended by the Contracts and Commissioning Board to approve the contract awards in accordance with Regulation 28.4(c) of the Council's Tenders and Contracts Regulations for
  - (a) a contract for Lot 1 Property Insurance to BIDDER P1 (named in the part B report) for an initial period of 3 years with 2 extension options each of 12 months for a maximum period of five years (3+1+1) and for the value set out in part B
  - (b) a contract for Lot 2 Terrorism Insurance to BIDDER T1 (named in the part B report) for an initial period of 3 years with 2 extensions each of 12 months for a maximum period of five years (3+1+1) and for the value set out in part B.
  - (c) a contract for Lot 3 Casualty Insurance to BIDDER C3 (named in the part B report) for an initial period of 3 years with 2 extension options each of 12 months for a maximum period of five years (3+1+1) and for the value set out in part B

Note the bidders' names and contract values are set out in the Part B report and will be published following contract award.

**2. Background & strategic context**

This report sets out the procurement conducted in accordance with the approved strategy (19/8/21 ref CCB1688/21-24) to run an Open tender as lead borough on behalf of the London Borough London Insurance Consortium (ILC) and recommends a contract award for each of the three Lots tendered.

The council is approaching the end of an existing five year long-term agreement with our current insurers for the Council's corporate property and liability insurances and therefore we have retendered. This has been done by way of a review of our current insurance arrangements and a full marketing and retender exercise to identify the most economically advantageous

tender to protect the financial position of the Authority. This review of our current basis of cover included policy wordings, and extension of covers.

### 3. Contract Providing for a Statutory Requirement

The decision to insure is driven by our general obligations under the various local government acts including the 1972 Local Government Act to protect the financial position and stability of the authority and protecting it against catastrophic financial losses which is achieved through insurance/risk transfer. In addition there are specific obligations to insure including the Employer Liability Compulsory Insurance Act.

Croydon Council is the accountable body for the nine London Borough London Insurance Consortium (ILC) which is governed by a Section 101 agreement under the 1972 Local Government Act and as part of these duties Croydon acts as the lead borough for insurance procurement exercises which we have committed to.

The member boroughs are:

Camden Council, Croydon Council, Haringey Council, Harrow Council, Islington Council, The Royal Borough of Kingston-upon-Thames, Lambeth Council, Sutton Council, Tower Hamlets

### 4. Financial implications

#### Essential Spend

Corporate insurance cover meets the essential spend criteria on the basis of mitigating in year additional costs of catastrophic claims which would otherwise be uninsured. Without insurance cover Croydon and the other boroughs involved in this process could face crippling financial liabilities associated with large-scale losses. An example of this within London boroughs is the Grenfell Tower disaster, with potential legal liabilities and responsibilities to those affected by the disaster both killed and injured running into the hundreds of millions and in addition the loss of the tower block and associated costs also potentially running into the hundreds of millions of pounds. These are the covers that we are procuring and therefore falls within the essential spend criteria. In addition covers include statutory covers such as Employer Liability (Employer Liability Compulsory Insurance Act).

#### Remuneration

As lead borough Croydon will also be remunerated for time and costs expended in the delivery of the procurement project and will charge the other members costs. Croydon is indemnified in respect of our role as procurement lead by way of a S101 agreement.

The arrangement of being able to recover costs from eight other London boroughs to run this procurement exercise represents a significant financial gain for Croydon. There is a degree of extra work and overhead dealing with queries from the other eight authorities, as well as for example the procurement strategy, marketing, requirements gathering, portal management, clarifications, evaluation and award which all need to be completed by Croydon on behalf of the other boroughs as well as in respect of our own insurance covers. To be remunerated by eight other London boroughs for this work is a very good outcome for Croydon in addition to the favourable outcome of the tender itself and is considered to be a very good example of local government partnership working for the benefit of the public purse as a whole by managing the tender process on behalf of the other boroughs.

Existing revenue budget is available for the three contracts for the term of 5 years.

Budget information is set out in more detail in Part B.

A corporate target of a £100K saving was set for this tender, which has been met.

## 5. Supporting information

5.1	<p>Procurement Process followed: Incl. details of the competition, advertisement, tenders received and any clarifications or issues.</p>	<p>An Open Tender process was followed.</p> <p>In addition to the usual routes for publicising tenders and use of the London tenders portal, a potential insurer/bidders open Day was held to promote the tender and competition. This was done in the acknowledgement that the insurance market is particularly challenging at the current time.</p> <p>A large number of clarifications and bidders questions were raised by bidders in respect of each member authority requiring details on risks, claims, and cover required which were handled via the London tenders portal and shared with all bidders.</p> <p>Open tender issued on 5/10/21 Tender Return date 12/11/21</p> <p>Lot 1 Property: 2 compliant bids received and were evaluated.</p> <p>Lot 2 Terrorism: 4 bids received, 2 were non-compliant. One failed to submit complete pricing. Another did not complete the form of tender. Two bids were evaluated.</p> <p>Lot 3 Casualty: 3 compliant bids received and evaluated.</p> <p>Across all the Lots a total of 6 bidders opted out for the following reasons:</p> <ul style="list-style-type: none"> <li>• Unable to meet requirements</li> <li>• Unable to supply</li> <li>• Unable to be competitive</li> <li>• Not related to our field of business</li> <li>• Not related to our field of business</li> <li>• Unable to supply</li> </ul>
5.2	<p>Evaluation results: Incl. each providers scores in accordance with the published criteria. Winning providers VFM offer</p>	<p>Summary scores provided below: Each winning bidder identified submitted the lowest combined value prices and submitted compliant quality tenders.</p>

### LOT 1 Property

	Price Score	ASL Quality Score	Other Quality Score	Total Quality Score	Total Score
<b>BIDDER P1 Preferred Bidder</b>	600	64	150	214	814
<b>BIDDER P2</b>	398	100	190	290	688

### LOT 2 Terrorism

	Price Score	Quality Score	Total Quality Score	Total Score
<b>BIDDER T1 Preferred Bidder</b>	600	370	370	970
<b>BIDDER T2</b>	562	305	305	867

**LOT 3 Casualty**

	Price Score	ASL Score	Quality Score	Total Quality Score	Total Score
<b>BIDDER C1</b>	459	85	165	250	709
<b>BIDDER C2</b>	331	83	185	268	599
<b>BIDDER C3 Preferred Bidder</b>	600	100	160	260	860
5.3	Any compliance issues with PCR or TCR?	<p>Fully compliant with PCR. Waivers to TCR respect of two elements were approved in the strategy as set out below.</p> <p>Price/quality ratio (60 price/40 quality). This is because this is a price led procurement exercise to purchase a financial product for risk transfer for catastrophic incidents only. This means on a day to day basis there is no 'service' delivered in the individual boroughs against which we could assess quality. So the most pressing consideration is cost effectiveness of the risk transfer achieved.</p> <p>Croydon T&amp;Cs will not apply to this contract, as insurance market practice is that the insurance policy issued is the contract. This is a standard approach in the market.</p>			
5.4	Contract Management: Please detail how this will be delivered and by who?	As per current approach contract management will be undertaken by Croydon Council on behalf of the nine London boroughs. There is an existing project board and contract board.			
5.5	Risks: Incl. how they will be managed	<p>There are no major risks associated with these contracts. The procurement process was compliant and suitable information provided to bidders to allow them to formulate their offers.</p> <p>An interdependency risk is set out in section 5.9</p>			
5.6	Mobilisation plan How will it be managed?	Mobilisation will be managed by the Head of Fraud, Risk and insurance for Croydon supported by Aon as the current ILC brokers/risk advisers and in accordance with the plans set out in the supporting documentation of the winning bidders. Bidders were asked to provide statements in respect of mobilisation.			
5.7	Decommissioning plans: How will they be managed between providers?	There is no decommissioning as claims made for existing policy years will continue to be dealt with under the old arrangements. New claims will be arranged with any new providers.			
5.8	TUPE: If applicable, how will it be managed?	N/A Tupe is not applicable to any of the contracts.			
5.9	Interdependencies – If any: Incl. details of any arrangements i.e. Landlords, Consortiums, Assets connections and how they will be managed	The main interdependency risk is that because this a group award across 9 London Boroughs, all 9 need to have completed their award process in time for 31 March 2022 inception date. All member boroughs have indicated they are on target.			
5.10	GDPR implications: Has an assessment been completed, do legal know to include in t&cs?	<p><i>Further information and support can be found at the link below:</i> <a href="https://intranet.croydon.gov.uk/resources/information-management/gdpr/gdpr-overview">https://intranet.croydon.gov.uk/resources/information-management/gdpr/gdpr-overview</a></p> <p>N/A as no personal identifier data/information is shared with the insurer. Claims are handled in house.</p>			



5.11	Equalities: Please confirm how the proposed contract will support the EQIA?	No further implications for this risk transfer product. A previous equality analysis showed that effect on protected groups.  It is important to note that none of these corporate insurance covers are provided to residents, customers, or employees but instead provides financial cover directly to Croydon Council itself and therefore the equalities impact is considered to be neutral
5.12	Social Value: Please confirm how the providers will deliver the 10%?	10% was allocated to social value. The preferred bidders for each Lot set out their social value offers.  The ILC are committed to delivering Social Value within their contracting arrangements. The successful tenderers have set out how they will support this aspiration in relation to the delivery of services required.  A range of proposals across the Lots included Community support projects Mentoring and training Volunteering schemes Apprenticeships  Details are set out in Part B.
5.13	London Living Wage (LLW): Please confirm the provider pays LLW?	Each bidder confirmed LLW is payable
5.14	Premier Supplier Scheme (PSP): Please confirm this is included in the requirements	Not included because not all boroughs operate such a scheme and we could not evaluate on a common basis for all boroughs. However the council will be able to approach the successful bidders on conclusion of contracts and issue and invitation to join the scheme. This was approved in the strategy.

## 6. Conclusion and reasons for recommendations

A summary of the purpose of the report and reasons for recommendations

The evaluation scores and master table are presented at Appendix 1. As will be noted there was a clear and decisive winner in relation to each lot. The overall result of the tender is that the required corporate saving of £100 K has been achieved and therefore in the current market, this is considered to be a very good outcome for Croydon.

## 7. Outcome and approvals

Outcome	Date agreed	
Approved CCB1719/21-22 14.01.2022	Service Director (to confirm Corporate Director has approved the report)	7/1/22
	Cabinet Member for Resources & Financial Governance	13.01.2022
	Legal Sonia Likhari CCBReportsforlegal@croydon.gov.uk	31.12.2021
	Head of Finance Nish Popat Interim Head of Corporate Finance	10/1/22
	Human Resources (if applicable)	n/a

	C&P Head of Service	11/1/22
	Lead Member <i>(for contract award over £500k)</i>	4/1/22
	Procurement Board	13.01.2022

#### 8. Comments of the Council Solicitor

The Council is under a general Duty of Best Value to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness (Section 3 of the Local Government Act 1999 (as amended by s137 of the Local Government & Public Involvement in Health Act 2007))

The Cabinet Member is empowered to make the decision in accordance with the recommendations pursuant to the Tenders and Contracts Regulations, which form part of the Council's Constitution

Approved by Sonia Likhari on behalf of the Interim Director of Legal Services

#### 9. Chief Finance Officer comments on the financial implications

This procurement help achieve the Council's MTFS target of a £100k savings to insurance budget for 2022/23. In addition to the reduction in premium charges, the Council should also ensure that all other measures are implemented that reduces risks to claim against these policies.

Approved by [Nish Popat Interim Head of Corporate Finance ] on behalf of the Chief Finance Officer

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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Lot 3 Casualty - Quality

Insurer	Social Value 100 marks	Cover Restrictions 75 marks	Policy Wordings Included?	Commit to rating review?	Policy Enhancements 75 marks	Added Value and Innovation 50 Marks	Total Score - MAX 300
Insurer 1	<p>Employees paid London Living Wage</p> <p>Community support projects, including underwriting team offering two days of specific volunteering as determined by you</p> <p>Mentoring young people</p> <p>Graduates will attend 3 educational open days to talk to pupils in Members schools to talk about insurance</p> <p>Equality and diversity training and wellbeing training undertaken by all staff</p> <p>Graduate programme</p> <p>Gambian Handball team</p>	<p>All extensions requested are included however:</p> <p>Public Health contingent only</p> <p>Blanket PI subject to completion of Prop Forms</p> <p>Communicable disease (full exclusion) and cyber exclusions (market standard)</p> <p>AON Noted - EL Asbestos cover limited to GBP5M</p>	YES	YES	<p>EL, PL, PI - court attendance included</p> <p>Corporate manslaughter - full policy limit (no limit requested so not an enhancement)</p> <p>OI data protection, consumer protection and food safety - higher limit offered</p> <p>PI - legal representation increased from GBP10K to GBP50K</p> <p>Automatic acquisitions</p> <p>Damage to reputation</p>	<p>Fire safety management assessment</p> <p>Accident investigation process review (18 days)</p> <p>High rise living review (16 days)</p>	
Insurer 1 Scores	60	30			45	30	165
Insurer 2	<p><i>Response not in response document and word count disregarded.</i></p> <p>- General VFM</p> <p>- Using local suppliers where possible</p> <p>- Community based activities</p> <p>- Premiums4Good</p> <p>- Acting in a socially responsible manner</p> <p>Working with local schools - art competition</p> <p>2 days to attend schools and colleges to discuss careers in insurance and risk management</p> <p>Lot 3 only - QBE Foundation, Annual company charity</p> <p>Green and sustainable and Healthy workplace statement included.</p>	<p>As per tender spec.</p> <p>NOTE - Kingston and Islington - PI quotation not included as no specific services requested - however blanket cover should have been offered.</p> <p>AON Noted - Communicable disease - increased deductible for care home and domiciliary care. Full cover otherwise given.</p>	YES	YES	<p>Bespoke PS wording (as expected)</p> <p>Asbestos EL - full limit</p> <p>No punitive/exemplary damages exclusion</p> <p>Terrorism - full limit for EL</p> <p>Bartoline cover included</p> <p>Full EIL available at additional cost</p> <p>Blanket PI included subject to specific notifiable services</p> <p>No index linking ASL/excess</p> <p>Flexible claim handling</p> <p>Clash coverage - only 1 excess applied if both EL and PL</p> <p>No pandemic exclusion</p>	<p>20 days risk consultancy per authority for the LTA (4 per year)</p> <p>Risk profiling, claims trend and leakage analysis and risk control guidance documents.</p>	
Insurer 2 Scores	40	30			75	40	185
Insurer 3	<p>Borough specific projects including Mind Haringey and Momentum in Croydon. Other specific charities mentioned include:</p> <p>The Soup Kitchen</p> <p>The Diana Awards</p> <p>Ashford Place</p> <p>KEEN London</p> <p>Ovacome</p> <p>Rosie's Rainbow Funds</p> <p>In addition, staff volunteering (3 days per year).</p> <p>Office in Croydon employing local people.</p> <p>Apprenticeship scheme.</p> <p>Good response BUT does not offer something which benefits ALL ILC members.</p>	<p>Motor contingent liability is NOT provided under the property policy (but is included in ZM Motor). Private duties not covered.</p> <p>Waiver of subrogation is not included as standard but we are happy to provide it on a case by case basis.</p> <p>Spec mostly met - BUT waiver of subrogation is a concern.</p> <p>Not mentioned on tender response doc but noted by Aon within quotations:</p> <p>PI - Completion of EWS1 Forms NOT included (Camden)</p> <p>PI is not included in LTA</p>	PARTIAL	YES	<p>Damage to reputation - limited impact</p> <p>EI cover for teachers for extra curricular - part of normal duties</p> <p>Exemplary and punitive damages included</p> <p>Communicable diseases - named diseases covered only - but for residential and domiciliary care limit of GPB20M included - compare with other bids</p> <p>Damage to underground services - minor impact</p> <p>Nil excess for returning officers - IMPORTANT enhancement</p> <p>Mental Health Act - includes improper detention</p> <p>Servicing and Tesing of vehicles included - Enhancement for Camden</p> <p>Waterborne craft on inland waters included up to 10M - Impact?</p> <p>Wrongful arrest or false imprisonment - Part of spec - no enhancement</p>	<p>Safer schools package included</p> <p><i>Not included on response template: 10,000 risk management allowance (discounting the premium) - states 'we would like to offer the council'. Not clear if this is for each member or in total.</i></p>	
Insurer 3 Scores	60	30			60	10	160

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## Procurement Board (CCB)

### Contract Award Report

Date of meeting	27 <sup>th</sup> January 2022
By	Catherine Black Head of Payments, Revenues, Benefits and Debt
Title	High Volume Print & Mailing Services Contract Award
Project Sponsor	Richard Ennis interim Corporate Director of Resources & S151 Officer
Corporate Director	Richard Ennis interim Corporate Director of Resources & S151 Officer
Lead Member	CLlr Callton Young, Resources & Financial Governance
Key Decision	1021RFG

## 1. Recommendations

FOR CCB

The CCB is asked to recommend to the Chair of CCB

1. to approve a waiver under regulation 19 in respect of TCR regulation 23 for the reasons set out in para 5.3 f this report;
2. to recommend to the Cabinet Member for Resources and Financial Governance in consultation with the Leader to approve the recommendations below:

FOR Cabinet Member

The Leader of the Council has delegated to the nominated Cabinet Member the power to make the decisions set out in the recommendations below

### RECOMMENDATIONS

The Cabinet Member for Resources and Financial Governance in consultation with the Leader is recommended by the Contracts and Commissioning Board to approve:

1. The award of a contract for “High Volume Print & Mailing Services” to Financial Data Management PLC (FDM) for a period of two years (with the option to extend up to a further 2 years 2+1+1) at an average annual value of £890,000 pa for a maximum contract value of £3,560,000 and total maximum contract length of 4 years.

## 2. Background & strategic context

### 2.1 Background

CCB approved a strategy CCB1665/20-21 to directly award a contract for a term of 2 years with the option to extend for up to 2 years, to FDM plc via CCS’s Framework Lot 7 Hybrid Mail, Digital and Transformational

Communications. This will ensure business needs are met whilst the Council considers, and procures, for its future requirements.

The Council currently uses the services of FDM but is out of contract. There is therefore an urgent requirement to regularise the Council's arrangement and enter into a compliant contract, before the end of the financial year (and before the Mayoral election) by way of a direct award call off allowable under an established framework, for a term of 2 years with the option to extend for up to 2 year's to enable the Council time to:

- Prepare for the Mayoral election in May 2022
- Consider how to reduce spend
- Consider it's long term requirements for high volume print & mailing requirements, across the whole Council
- Consider tendering options such as running a mini competition from an established framework

## **2.2 The current service provision**

### Payments, Revenues, Benefits & Debt Department

This department has a statutory obligation to communicate effectively with a wide range of stakeholders such as residents and businesses. The department is working to migrate stakeholders from "Written communication by post" to lower cost methods. There are practical and legal constraints that mean that some correspondence must be sent by post. The departments currently use FDM for the provision of mailroom services for the following

- Council Tax and Business Rates annual billing and reminders
- Housing benefit notifications

### Housing Department

This department needs to communicate effectively with a tenants and leaseholders. Rent notifications are sent by post. The departments currently use FDM for the provision of mailroom services for the following

- Housing rent notifications

### Electoral Services

Electoral Services used FDM for the GLA elections in May 2021. The electoral communication starts in March 2022.

It should be noted that for both departments, there are long lead in times, e.g 3 - 6 months, for bulk print and mailing as the provider has to purchase stock and schedule the print and mailing work in advance.

## **3. Contract Providing for a Statutory Requirement**

Although the issue of notices, documents by post is not necessarily mandated by law, they are all part of the administration of statutory services:

The processing of Benefit claims, Council Tax and NNDR is statutory requirement under the Local Government Finance Act.



Most debt recovery actions require notices to have been sent by post. The Electoral Administration Act 2006 is just one of the Acts and statutory instruments that cover elections, referenda and electoral registration.

Housing administration is a requirement under the Housing Act 1988 (as amended)

#### 4. Financial implications

##### ***Elections and electoral registration budgets budget and expected spend***

Electoral registration and election print and post expenditure is very volatile and variable as they track election events. External elections are the most costly and are externally funded.

Print and post costs in a year without any elections have been around £60k. Costs in a year with both local and external elections could be £1m. To avoid reactive, uncertain and urgent future procurements responding to unexpected external elections, it is prudent to contract for an amount that assumes the maximum likely spend on elections over the envisaged 4 year period.

This report shows an estimated possible maximum spend on elections and elector registration activity of £2.2m. Set at this level the council should avoid the costs and uncertainty and possible higher fulfilment costs associated with an additional urgent procurement.

The zero assured volume nature of the contract proposed enables officers to seek better value during the next four years. Details are set out in the Table 1 Forecast

**Revenue and Benefits:** The department has begun a channel shift project with a future annual budget saving of £120k pa.(MTFS project: RES Sav 39 - Digital by default for billing) . NB this project now requires no funding from the Councils General Fund, since grant funded.

**Housing:** The department is 80% through the migration to a new administrative system. This project will enable channel shift from post and print. This is NOT programmed to occur in 2022/23

The framework agreement provides unit pricing with total cost reflecting volumes used.

Based on the indicative annual volumes total costs are as presented below showing the breakdown between print and post charges.

The report does not propose contracting for this amount. As above *Elections dramatically increase expenditure.*

**Postage charges:-** Circa 70% of anticipated expenditure is consumed by postage charges rather than printing services. For illustration; indicative volumes for Revenue and Benefits show the split of post and print. The proportion for other departments is similar

Department	Annual Print charges	Annual Post charges	Total annual charges
Revenues and Benefits	£ 97,164.47	£ 207,835.53	£ 305,000.00

Percentage	32%	68%	100%
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**Alternative provider costs**

When the Council previously contracted with for mail services the Council’s corporate mail services contract (postage costs to LBCs mail room) was considerably more expensive for all postage rates. With the appointed external supplier (FDM) provider providing a >25% postage saving.

**Second class mail**

The vast majority (> 98% of Revenue and Benefits post) of mail is sent second class standard sized letters.

The unit price of 2nd class postage in FDM’s offer is marginally less than the Council’s corporate mail services contract.

**First class and large letter mail**

The post rates from FDM for First Class standard and large letters are higher than the council has obtained through our corporate mail services contract and therefore any First Class letters will/should be directed for posting via that route.

**Savings**

The external service provides the Council with capacity and delivery assurance.

The contract invites the supplier to propose cost reducing services. It is not expected that the supplier will deliver any substantial cost reductions during the contract life.

**Demand Management**

The Councils best route to cost reduction is via usage reduction. This can mostly be achieved through substitution by lower cost means of communication. Eg replace physical documents with on-line billing and emails to chase for payments.

**Volume consumed and No volume assurance**

The contract offers no volume assurance to the supplier. There are no minimum volumes and the council is free to engage other providers who can offer better value for existing outbound mail and for any requirements from the council.

In house service provision for a proportion of the service should also be explored for lower volume outputs during the first 2 years of the contract. This both a) would provide a way to reduce costs of first class mail and large letter and b) provides some resilience to supplier failure

**Hybrid mail**

The contract through the use of hybrid mail offers the prospect of staff efficiencies. The savings are though both diffuse and of a limited scale so that they are unlikely to be monetizable.

The deployment of hybrid mail does offer operational flexibility especially in the context of home working.

Budget Available	Yes		<b>Cost Centres</b>	<b>Budget available</b>
		Revenues and benefits	C13768	Yes

	Housing	C20505	Yes
	Electoral reg	C14389	Yes

In-year Pressures on Budget	No		<b>Future Pressure on Existing MTFS Budget</b>
		Revenues and benefits	No
		Housing	No
		Electoral reg	No/NA

Details	Period of funding	Internal		External	
		Capital	Revenue	Capital	Revenue
Revenues and benefits	2021/22	0	305	0	0
Revenues and benefits	2022/23	0	245	0	0
Revenues and benefits	2023/24	0	245	0	0
Revenues and benefits	2024/25	0	245	0	0
Housing (estimated)	2021/22	0	45	0	0
Housing	2022/23	0	45	0	0
Housing	2023/24	0	45	0	0
Housing	2024/25	0	45	0	0
Electoral reg	2021/22	0	80	0	0
Electoral reg	2022/23	0	80	0	0
Electoral reg	2023/24	0	80	0	0
Electoral reg	2024/25	0	80	0	0

**Table 1 Forecasts spend over 4 years £3.56M**

Maximum likely spend per year £k		Expected occurrence in 4 years	total forecast spend £k
Electoral registration	80	4	320
Elections external	510	2	1,020
Elections local	410	2	820
Elections and registration total	1,000		2,160
Elections and registration total	see above	see above	2,160
Revenues and Benefits	305	4	1,220
Housing	45	4	180
Total			3,560

**Essential Spend Criteria**

The proposed contract award will prevent further deterioration in the current financial situation and helps to improve it, because:

Entering into a 2 year contract, with the option to extend up to 2 further years

- enables the Council to budget for spend on this contract particularly important for Electoral Services and the May election as the Returning Officer has a responsibility to account for all election spend
- ensures compliance to its statutory obligation to communicate effectively with a wide range of stakeholders such as residents and businesses, and the most cost effective way is by calling off from an established framework

**5. Supporting information**

•		
5.1	<p>Procurement Process followed: Incl. details of the competition, advertisement, tenders received and any clarifications or issues.</p>	<p>The CCS' Framework RM6017 Postal Goods, Services &amp; Solutions, Lot 7 Hybrid Mail, Digital and Transformational Communications allows for direct award where the buyer can identify the supplier meets its core service requirements. Framework prices and framework call off terms apply.</p> <p>FDM were required to submit, via the Council's e-tendering portal, a Tender Response Document answering questions on how they will deliver their Services and to confirm their prices.</p> <p>Clarification via the tenders portal also took place in respect of postal charges.</p>

5.2	<p>Evaluation results: Incl. each providers scores in accordance with the published criteria. Winning providers VFM offer</p>	<p>Best Value/VFM</p> <p><b>Value for money – VFM and a low cost of change</b>  <b>Cost reduction</b> - During the 2014/5 procurement Revenue and Benefits reduced the cost of ICT, print and post by more than ~£500k pa and nearly 50% of previous budget. Savings of £2.5m over 5 years</p> <p><b>Cost of change</b> - RnB did this with an external resource. The total cost of the project being £84k. That procurement contrasts with the £1.5m CCB approved for the procurement expenditure the housing dept system of £1.5m</p> <p><b>FDM VFM</b>  In 2014 RnB identified the then lowest cost provider sector knowledge and high assurance of delivery. RnB negotiated a reduction in FDM standard rates. It is not possible repeat the 50% reduction in costs for like to like service/volumes.</p> <p>In 2022 FDM remain the lowest cost specialist provider. And in the top (lowest cost) decile for relevant cost print/post. A right sized right skilled SME.</p> <p>The framework presents costs from 23 suppliers and has more than 28,000 data points to analyse.  More than 98% of RnB’s mail is 2<sup>nd</sup> class enveloped mail.  Considering this item and high and low volume pricing FDM ranks 1<sup>st</sup> and 2<sup>nd</sup> .  See table below</p> <p>{NB The only lower cost provider is a high volume generalist printer  The difference in focus of the two business is clear from the two websites (<a href="https://www.ricoh.co.uk/">https://www.ricoh.co.uk/</a> , <a href="https://www.fdmplc.com/public-sector/">https://www.fdmplc.com/public-sector/</a>) }</p> <p>The supplier submitted a response to the following requirements and was assessed as below</p> <table border="1" data-bbox="454 1534 1513 2002"> <thead> <tr> <th>Requirement</th> <th>PASS/FAIL</th> <th>COMMENT</th> </tr> </thead> <tbody> <tr> <td>Delivering requirements for Revenues and Benefits</td> <td>PASS</td> <td>FDM’s has proven ability to provide a reliable responsive and data secure high volume delivery</td> </tr> <tr> <td>Delivering requirements for Electoral Services</td> <td>PASS</td> <td>FDM’s has proven ability to provide a reliable responsive and data secure high volume delivery</td> </tr> </tbody> </table>	Requirement	PASS/FAIL	COMMENT	Delivering requirements for Revenues and Benefits	PASS	FDM’s has proven ability to provide a reliable responsive and data secure high volume delivery	Delivering requirements for Electoral Services	PASS	FDM’s has proven ability to provide a reliable responsive and data secure high volume delivery
Requirement	PASS/FAIL	COMMENT									
Delivering requirements for Revenues and Benefits	PASS	FDM’s has proven ability to provide a reliable responsive and data secure high volume delivery									
Delivering requirements for Electoral Services	PASS	FDM’s has proven ability to provide a reliable responsive and data secure high volume delivery									

		Delivering requirements for Housing and Leasehold	PASS	FDM's has proven ability to provide a reliable, and data secure delivery in timescales required.
		Print technology	PASS	FDM technology stack have proved both reliable and flexible.  It's ability to combine multiple letters to same addressee reduces the Councils postage costs.
		Cost savings	Pass	The contract provides no assurance in respect of volume.  Savings will be made by migrating recipients to alternative communication methods
		Management Information	PASS	Good management information provided
		Contract management	PASS	Structured approach
		Invoicing	PASS	Break down of invoice items backed by management information Invoice in arrears
		Social Value	PASS	Not a specific offer but showed commitment to several opportunities They employ Croydon residents.
		PSP	PASS	0.5% OFFERED in supplier submission
5.3	Any compliance issues with PCR or TCR?	The framework is PCR compliant.  Framework terms and conditions must be used as a condition of using the framework.		

		<p>As framework terms apply and amendments cannot be made to the framework terms, therefore a waiver is requested to deviate from TCR regulation 23 in respect of council standard contract clauses. Note that legal were engaged to prepare the contract pack before the requirement was issued to the supplier.</p>
5.4	<p>Contract Management: Please detail how this will be delivered and by who?</p>	<p>The contract will be managed and lead by the Head of Payments, Revenues, Benefits and Debt, with support from the Head of Electoral Services and the Head of Housing.</p> <p>Regular meetings are to be conducted with the provider to ensure the Services are being delivered in accordance with agreed performance standards.</p> <p>As part of FDM’s contract management program, FDM will hold scheduled meetings with the Council to provide regular, ongoing support, report on key management information and identify/rectify any issues.</p> <p>Contract assurance includes the following activities and measures: · Key performance measures (KPI’s) · Assessment and reviews · Issue management · Continuous improvement and cost efficiencies · Security and asset risk management · Budget and spend management analytics · Coordinate and review, policy and contract developments · Report on all production and delivery activity</p> <p>Detailed information can be monitored including the following:</p> <ul style="list-style-type: none"> <li>· Performance analysis - an overview of how the contract is performing</li> <li>· Savings Analysis - a view of the value being created by FDM and identify new opportunities</li> <li>· Monthly and cumulative spend - an overview of expenditure to enable effective budget monitoring</li> <li>· Cost breakdowns - to identify and separate all the component elements that together form the cost of service</li> <li>· Forecasting - to assist in the planning process</li> <li>· Granularity of contract usage - to provide spend analysis and usage, by business area and individual cost centres and identify maverick spend</li> <li>· Exception and compliance reporting - to identify exceptions and lost savings opportunities</li> <li>· Complaints analysis reporting - measure of performance and proactive problems solving and responsiveness</li> <li>· Spend by product category, cost centre, project</li> <li>· Spend v budget</li> <li>· Orders produced, dispatched, invoiced</li> <li>· Services Levels and performance against KPIs</li> <li>· Stock - volumes by product line, low stock, out of stock items, usage and trends</li> </ul> <p>In addition, CCS will continue to monitor all supplier throughout the lifetime of the framework agreement and ensure insurances etc are up to date.</p>

5.5	Risks: Incl. how they will be managed	<p>There are no substantial risks associated with the contract.</p> <p>Payment is monthly in arrears thereby mitigating the risk of paying for services not received.</p> <p>The contract provide no assurance of volume and hence the vast majority of the spend is not assured.</p> <p>The main risks therefore are:</p> <p>RISK: No service – supplier failure</p> <p>Mitigations:</p> <ol style="list-style-type: none"> <li>1. Enable in house print and post to deliver same service So the in house service might provide an immediate solution in the event of supplier failure as There is now minimal difference in unit postage costs. So an in house solution would not increase the postage costs significantly</li> </ol> <p>NB: The in house service does not have the capacity to deliver the volumes required at annual billing and other key times. So delivery would be slower. The internal service does not have experience high volume dispatch entailing utilities like postage cost reducing letter merging</p> <ol style="list-style-type: none"> <li>2. Reprocure After supplier failure Procure while leaving this contract in place</li> </ol> <p>RISK: Poor service</p> <p>Mitigations: Contract management as set out in the report, early intervention and contract remedies.</p>
5.6	Mobilisation plan How will it be managed?	Although there is no change to supplier FDM will visit the Council at the outset to assess job requirements and develop a project plan to define all the key milestones, KPI's and SLA's.
5.7	Decommissioning plans:	The current service provider remains the same. Future review of outbound mail, impact of hybrid mail and working practices will inform the exit and recommissioning when this contract comes to an end.



	How will they be managed between providers?	The framework terms contain exit obligations on the supplier.
5.8	TUPE: If applicable, how will it be managed?	TUPE is not applicable to the contract.
5.9	Interdependencies – If any: Incl. details of any arrangements i.e. Landlords, Consortiums, Assets connections and how they will be managed	Three council services require the benefit of the contracted services.  Note that within Housing a major IT systems change is underway. Outputs from the system are outbound mail processed by the supplier. The project team will liaise with FDM to ensure  Revenues and Benefits are looking at channel shift, the impact of CA, lo code, internal print  Electoral Registration are impacted by the imminent mayoral referendum.
5.10	GDPR implications: Has an assessment been completed, do legal know to include in t&cs?	<i>Further information and support can be found at the link below:</i> <a href="https://intranet.croydon.gov.uk/resources/information-management/gdpr/gdpr-overview">https://intranet.croydon.gov.uk/resources/information-management/gdpr/gdpr-overview</a>  The government framework contract includes a GDPR compliant Data Processing Agreement.  The scope of personal data processed by the supplier is: Names and addresses NINO Employment Salary  There are no implications for the mailing element. IM have been consulted. The reply to DPIA papers is expected from IM before contract entered into.
5.11	Equalities: Please confirm how the proposed contract will support the EQIA?	The supplier has a training and staff development policy. Their employees are entitled to: · equal opportunities in all aspects of their development · an induction into their job, their team and the organisation · an explanation of the direction and the objectives of the organisation via annual staff meeting · agreed clear and measurable objectives for their performance at work during reviews · yearly review of their performance · all managers who are committed to staff development · coaching to enhance learning, development and career progression.
5.12	Social Value:	Although there was no specific social value commitment to the Council, the supplier made clear a specific commitment would have been at additional cost,

	Please confirm how the provider will deliver the 10%?	they do offer the opportunity to school children of ages 16-18 to undertake work experience at its site and FDM also works in conjunction London borough employment schemes.
5.13	London Living Wage (LLW): Please confirm the provider pays LLW?	Supplier has confirmed payment of LLW
5.14	Premier Supplier Scheme (PSP): Please confirm this is included in the requirements	The supplier offered to join the scheme at a 0.5% rebate level.

## 6. Conclusion and reasons for recommendations

The purpose of this report is to seek approval for the Council to directly award a contract for a term of 2 years with the option to extend for up to 2 years, to FDM plc via CCS's Framework Lot 7 Hybrid Mail, Digital and Transformational Communications. The ability to extend up to 2 further years allows time for the council to thoroughly consider how to reduce spend and future council wide requirements.

The current contract offers security of service, value for money, flexibility, managed risk with ability of working anywhere with the print and mail function called 'hybrid mail' which enables home/ agile working as remote staff are able to create and dispatch letters from their laptop.

This will ensure business needs are met whilst the Council considers, and procures, for its future requirements.

### Options considered

Options considered for the approved Strategy included running an open tender or running a further competition, but the longer timescales and project costs of doing so were rejected in favour of the direct award.

The option not to award was considered but was rejected as this would mean the Council would be unable to meet statutory obligations if contractual arrangements were not in place.

## 7. Outcome and approvals

Outcome	Date agreed	
Approved CCB1720/21-22 28.01.2022	Service Director (to confirm Corporate Director has approved the report) Richard Ennis	25/1/22
	Cabinet Member for Resources & Financial Governance	27/01/22
	Legal Sonia Likhari <a href="mailto:CCBReportsforlegal@croydon.gov.uk">CCBReportsforlegal@croydon.gov.uk</a>	26/1/22

	Head of Finance	27/1/22
	Human Resources (if applicable) send to Dean Shoesmith	27/1/22
	C&P Head of Service Scott Funnell	26/1/22
	Lead Member <i>(for contract award over £500k)</i>	27/01/22
	Procurement Board	CCB1720/21-22 28.01.2022

## 8. Comments of the Council Solicitor

The Council is under a general Duty of Best Value to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness (Section 3 of the Local Government Act 1999 (as amended by s137 of the Local Government & Public Involvement in Health Act 2007))

The Cabinet Member is empowered to make the decision in accordance with the recommendations pursuant to the Tenders and Contracts Regulations, which form part of the Council's Constitution

Approved by Sonia Likhari on behalf of the Interim Director of Legal Services

## 9. Chief Finance Officer comments on the financial implications

*Approved at Procurement Board*

Approved by [Matt Davis ] on behalf of the Chief Finance Officer

## Appendix 1 Value for Money

### Value for money – VFM and a low cost of change

**Cost reduction** - During the 2014/5 procurement Revenue and Benefits reduced the cost of ICT, print and post by more than £500k pa and nearly 50% of previous budget. Savings of £2.5m over 5 years were achieved.

**Cost of change** - RnB did this with an external resource. The total cost of the project being £84k.

### FDM VFM

In 2014 RnB identified the then lowest cost provider sector knowledge and high assurance of delivery. RnB negotiated a reduction in FDM standard rates.

*We cannot repeat the 50% reduction in costs for like to like service/volumes.*

In 2022 FDM remain the lowest cost specialist provider. And in the top (lowest cost) decile for relevant cost print/post.

A right sized right skilled SME.

The framework presents costs from 23 suppliers and have more than 28,000 data points to analyse.

More than 98% of RnB's mail is 2<sup>nd</sup> class enveloped mail.

Considering this item and high and low volume pricing FDM ranks 1<sup>st</sup> and 2<sup>nd</sup> . See table

The only lower cost provider is a high volume generalist printer without the required Revenues and Benefits experience.

item		
3.0 Standard Class Postage (2nd Class or Equivalent)		
Low Sort		
Supplier	rank small	rank large
FDM	1	2
Lot 7 Generalist Printer	6	1

*Ranking all Suppliers Lower Price = higher rank*

*Based on framework pricing. Note prices are confidential not for publication.*

<b>Supplier</b>	<b>rank small</b>	<b>rank large</b>
Lot 7 Capita Pricing	22	15
Lot 7 CDS Pricing	18	16
Lot 7 CFH Pricing Schedule	20	21
Lot7 Critiqom Pricing	10	12
Lot 7 DHL Pricing	3	9
Lot 7 FDM Pricing	1	2
Lot 7 HybridMail Ltd Pricing	23	23
Lot 7 Latcham Direct Pricing	14	8
Lot 7 Paragon Pricing	11	4
Lot 7 Pitney Bowes Pricing	8	3
Lot 7 PSL Pricing	12	14
Lot 7 Quadiant Pricing	19	20
Lot 7 Ricoh Pricing	6	1
Lot 7 Royal Mail Pricing	21	22
Lot 7 R W Pierce Pricing	7	10
Lot 7 Pricing SLM	2	5
Lot 7 Stannp Pricing	16	19
Lot 7 Swiss Post Pricing	13	17
Lot 7 Unifiedpost Pricing	17	13
Lot 7 Virtual Mailroom Pricing	4	6
Lot 7 Webpost Pricing	5	7
Lot 7 Whistl Pricing	15	18
Lot 7 Xerox Pricing	9	11

## Appendix 2 Elections and registrations historic and forecast spend

Electoral registration					
	Activity	year	Amount	Actual or forecast	Note
	Electoral reg	2018/19	£81K	actual	
	Electoral reg	2019/20	£55K	actual	
	Electoral reg	2020/21	£85K	actual	
	Electoral reg	2021/22	£64K	forecast	
	Electoral reg	2022/23	£80K	forecast	
	Electoral reg	2023/24	£80K	forecast	
	Electoral reg	2024/25	£80K	forecast	
Elections external					
	Elections external	2019/20	£397K	actual	
	Elections external	2020/21	£365K	actual	
	Elections external	2021/22	£365K	actual	
	Elections external	2024/25	£260K	forecast	General election
Elections external					
	Elections local	2019/20	£16K	actual	
	Elections local	2021/22	£37K	actual	
	Elections local	2022/23	£376K	forecast	mayor ref and election
	Elections local	2023/24	10K	forecast	
	Elections local	2024/25	10K	forecast	

**CONTRACTS & COMMISSIONING BOARD**

**REVIEW POINT 2 (RP2) – HOW WE BUY CABINET REPORT**

CCB AGENDA ITEM:	<Issued by CCB>
Project name:	Arboricultural Services
Dept report author:	Paul Dalton - Trees and Woodlands Manager
Project Sponsor (Director or above):	Steve Iles – Director of Sustainable Communities
Executive Director:	Sarah Hayward – Corporate Director of Sustainable Communities, Regeneration & Economic Recovery
Contract Manager:	James Perkins- Head of service - Environment Services & Sustainable Neighborhoods
Report Version:	V6
Date report to go to CCB:	27 <sup>th</sup> January 2022
Next Review Date (RP4)	N/A

**AWARD REPORT – CHECKLIST:**

Estimated Contract start date:	01/10/22	
Estimated Contract end date - <b>excluding</b> any extension periods (for construction and works contracts, officers need to include the period for the defects liability period):	30/09/27	
Is there provision to extend or vary this contract within the terms and conditions?	Yes	
Planned extension type (e.g., 2 x 1 yr., 3 years, etc):	up to 5 years	
What is the maximum end date <b>including</b> all extensions?	30/09/32	
An <a href="#">Equality Analysis</a> has been undertaken, reviewed, and approved by the Equalities Manager, Yvonne Okiyo	Y	
Has an electronic copy of the contract been requested?	Y	

**STAGE 1 APPROVAL:**

Strategic Procurement Manager	Matthew Devan	27/01/22
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**STAGE 2 APPROVALS**

Departmental sign-off	Who	Date Circulated	Date Approved
Budget Approved by relevant dept. Head of Finance	Matthew Davis	17/12/2021	20/12/2021
Confirm relevant cabinet member is sighted on the report	Cllr Mohammad Ali Cllr Callton Young	16/12/2021	16/12/21 27/01/22
Relevant Departmental Director	Steve Iles	17/12/2021	27/01/22
Human Resources	Jennifer Sankar	17/12/2021	29/12/21
Legal Services	Hafiza Bashir	17/12/2021	26.01.22
Equalities Manager	Denise McCausland	17/12/2021	29/12/21
Relevant Head of Service C&P	Scott Funnell	17/12/2021	27/01/22
CCB Inbox	<a href="mailto:ccb@croydon.gov.uk">ccb@croydon.gov.uk</a>	17/12/2021	N/A

**STAGE 3 APPROVALS (CCB)**

**For Publication**

CCB sign-off	Approval reference number	Date
Director of C&P Director of Law & Governance Head of Commissioning & Procurement Director of Finance & deputy Section 151 Officer Commissioning & Procurement Governance Manager	CCB1721/21-22	28.01.2022

<p><b>Key communications Implications</b></p>	<p>The current supplier has been in Service since 2008 and the contract has reached the maximum extension limit. The proposed tendering of a new contract will allow for the new contract to be in line with current Authority ethos, working practices and available resources. The new contract will also allow the Authority to have a robust contract management element, build on lessons learned and to prioritise risk to meet our Duty of Care whilst meeting the financial challenges facing the Authority.</p> <p>In addition we are further extending the existing contract for an additional 9 months, with an option to extend for 3 months to allow sufficient time to re-procure the contract.</p> <p>Failure to procure a new contract will leave the Authority open to legal challenges if the current contract is again extended beyond contractual terms the Council will in breach of the PCR 2015 Regulations. The new contract will provide a new set of KPI's, terms and ways of working that will improve the contract management elements. It will also allow for the formalisation of the depot usage and potential income from Depot use. A new pricing matrix will also eliminate grey areas of costs associated with tree works historically based on tree height but going forward will be based on tree stem diameter. Not procuring a new contract will either leave the Authority without emergency/duty of care cover or would result in the further contract extension beyond that of the regulated term.</p>
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**For General Release**

<b>REPORT TO:</b>	<b>CABINET February 2022</b>
<b>SUBJECT:</b>	<i>Arboriculture Services</i>
<b>LEAD OFFICER:</b>	<i>Sarah Hayward Executive Director Steve Iles Director of Sustainable Communities</i>
<b>CABINET MEMBER:</b>	<i>Councillor Muhammad Ali Cabinet Member for Sustainable Croydon</i>
<b>WARDS:</b>	<b>All</b>
<p><b>CORPORATE PRIORITY/POLICY CONTEXT/ AMBITIOUS FOR CROYDON</b></p> <p>The new contract will allow the Council to maintain its trees for longevity and with the added benefit of cost saving for the Council. This in turn will help with sustainability and improved air quality, especially in the north of the borough where the air pollution is high. These services are aligned to the following council's new priorities and ways of working:</p> <p><b>Croydon Council Corporate Plan alignment:</b></p> <ul style="list-style-type: none"> <li>- We will live within our means, balance the books and provide value for money for our residents.</li> <li>- We will focus on tackling ingrained inequality and poverty in the borough. We will follow the evidence to tackle the underlying causes of inequality and hardship, like structural racism, environmental injustice and economic injustice.</li> <li>- We will focus on providing the best quality core service we can afford. First and foremost, providing social care services that keep our most vulnerable residents safe and healthy. And to keep our streets clean and safe. To ensure we get full benefit from every pound we spend, other services in these areas will only be provided where they can be shown to have a direct benefit in keeping people safe and reducing demand.</li> </ul> <p><a href="#">Council's priorities</a></p>	
<p><b>FINANCIAL IMPACT</b></p> <p>The projected annual revenue and capital budget requirement for the arboricultural service for 2021 onwards (fiscal year starting in April) has been summarised below. Capital funding will be reliant on the successful awarding of external grants on an annual basis, so this figure is variable and unknown.</p> <p>Revenue is currently set across two divisions:</p> <ul style="list-style-type: none"> <li>• Sustainable Communities Budget - Trees and Woodlands annual expenditure £650,000 on Highway, Parks and Woodlands Work</li> </ul>	

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- HRA Budget £100,000 annual expenditure for Tree Works on Housing Communal Land
- Capital External Funding Grants for Tree Planting £unknown - grant reliant

Spend across future years will be related to the Council's overall budget. This contract will look to have an estimated value of £7,500,000 across 5 years with the option to extend for with an option to extend 1 or more times up to a maximum of 5 years, allowing some flexibility in future year's available budget and external capital grant awards.

**FORWARD PLAN KEY DECISION REFERENCE NO.:**

## RECOMMENDATIONS

### For CCB

The Contracts & Commissioning Boards is asked to approve the following recommendation(s):

- 1.1** To endorse in accordance with Regulation 30.3 of the Council's Contracts and Tenders Regulations, the extension by way of variation of the contract for Specialist Arboricultural works with City Suburban Tree Surgeons Limited for a period of 9 months from 1<sup>st</sup> January 2022 to 30<sup>th</sup> September 2022 at a maximum value of £300,000, with an optional 3 month extension, up until 31<sup>st</sup> December 2022 with the maximum value for the 12 months extension of £400,000 (maximum contract value, including this proposed extension will be £9,621,396).
- 1.2** The Cabinet is recommended by the Contracts and Commissioning Board, to approve the procurement strategy detailed in this report for a single contractor to deliver Arboriculture Services, as a PCR Open Tender procedure for a proposed contract term of 5 years with an estimated value of £3,750,000 with an option to extend 1 or more times up to a maximum of 5 years with a total estimated contract value of £7,500,000.
- 1.3** To recommend to the Chair of CCB to approve a waiver in accordance with Regulation 19.2 to deviate from the evaluation ratios of 60% Quality and 40% Price under Regulation 22.4 to 60% Price and 40% Quality to apply a stronger emphasis on price for the reasons set out in paragraph 3.15.

### For Cabinet

The Leader of the Council has delegated to the Cabinet the power to make the decisions set out in the recommendations below

The Cabinet is recommended to:

- 1.4** Approve in accordance with Regulation 30.3 of the Council's Contracts and Tenders Regulations, the extension by way of variation of the contract for Specialist Arboricultural works with City Suburban Tree Surgeons Limited for a period of 9 months from 1<sup>st</sup> January 2022 to 30<sup>th</sup> September 2022 at a maximum value of £300,000, with an optional 3 month extension, up until 31<sup>st</sup> December 2022 at a maximum value of £400,000 (maximum contract value, including this proposed extension will be £9,621,396).
- 1.5** Approve the procurement strategy detailed in this report for a single contractor to deliver Arboriculture Services, to go to PCR Open Tender procedure for a proposed contract term of 5 years with an estimated value of £3,750,000 with an option to extend 1 or more times up to a maximum of 5 years with an estimated contract value of £7,500,000.
- 1.6** Note that the Director of Commissioning and procurement has approved the waiver listed below under Regulation 19 of the Council's Tender and Contract regulations:
  - 1.6.1** To deviate from the evaluation ratios of 60% Quality and 40% Price under Regulation 22.4 to 60% Price and 40% Quality to apply a stronger emphasis on price for the reasons set out in paragraph 3.15.

## **2. EXECUTIVE SUMMARY**

- 2.1** London Borough of Croydon has had City Suburban as the incumbent supplier since 2008 working with the Trees and Woodlands Teams to carry out tree maintenance, tree planting and emergency call out cover.
- 2.2** The Contract has been extended beyond the original contract term with the current extension (ref CCB1687/21-22) taking the supplier up to 31<sup>st</sup> December 2021. However, it is envisaged that a further extension to the contract to 31<sup>st</sup> September 2022 with contingency to extend up to 31<sup>st</sup> December 2022 will be required to facilitate this tender process.
- 2.3** The purpose of this report is to set out the current position and available choices for the future of tree management for the Authority. The paper recommends procurement through a PCR Open Tender procedure for the award of a new long term 5 year contract with an estimated value of £3,750,000 with an option to extend 1 or more times up to a maximum of 5 years with an estimated total contract value of £7,500,000 to facilitate the tree management requirement. The paper also makes clear that the Authority 'as a responsible landowner' has legal and Statutory obligations to ensure the 'risk from trees' is managed as set out under various regulations and Acts:

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- Health and Safety at Work Act 1974
- The Management of Health and Safety at Work Regulations 1999
- The Highways Act 1980
- The Construction (Design and Management) Regulations 2015

### 2.4 Financial

It is envisaged that the overall estimated cost spend of the contract term will be £3,750,000 over the initial 5 year period and £7,500,000 over the 10-year term estimate at £750,000 per annum.

The recommended route to market through a PCR Open tender will ensure that costs to the Authority are in line with current market rates and its obligations as set out above and are covered long term from a Duty of Care perspective.

## 3. DETAIL

### 3.1 Introduction

The Council's approximated trees and woodlands asset consists of 35,000 Highway trees, an unknown number of trees across 120 parks and open spaces. Croydon also has award winning ancient woodlands covering an area of over 500 hectares which is used by the forestry commission as sites of best practice woodland management holding training days for other professionals at these sites. The Authority also has an unknown number of trees across multiple housing communal sites.

The Council has a statutory requirement and legal obligation under the Health and Safety at Work Act 1974, The Management of Health and Safety at Work Regulations 1999, The Highways Act 1980, and The Construction (Design and Management) Regulations 2015 to ensure as best as practicable that risk from trees is managed and will consequently aim to abide by the duties owed.

The Council recognise that they have a duty of care to the public and visitors to its premises, to do all that is reasonably practicable to ensure that the risk from trees under its control is suitably managed. The Council's approach to the management of risk from trees will be proportionate to the risk and resources available. The Authority also has signed up to the Climate Emergency and has a duty to protect and enhance habitats and improve biodiversity through best practice and environmental legislation.

### 3.2 Current position

Historically, the Council has had an established three-to-five-year tree maintenance and management plan for trees within its portfolio where appropriate. The focus has been on maintenance for Highway trees and Housing trees in the form of regular pruning and risk reduction works across the Borough. Safety and biodiversity works has been the focus within its Parks and Woodlands portfolio.

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However due to the serious nature of the Authorities financial situation it has been agreed that only emergency and essential tree works will be undertaken across all the asset for the short to medium term with a view to ramp up non-emergency works such as general pruning within the term of the proposed contract. External capital funding will still be applied for in areas such as new tree planting and biodiversity works in the hope that these essential functions can still be maintained be it at a reduced capacity.

The historic tree management and current emergency and essential works are delivered through a long-standing contractor, City Suburban. The Contract was originally awarded in August 2008 until July 2019. It was extended under CCB approval (CCB1599/20-21) until March 2021. It was then further extended under CCB approval (CCB1687/21-22) and was due to end on 31st December 2021, as above, a further extension to this will be required to facilitate this tender process to be effective from 1 January 2022.

### 3.3. Rationale and Drivers for Change

The rationale and drivers for change are twofold:

- 1) The existing contract was originally awarded in 2008 and has not changed since it was originally awarded. During this time the service delivery scope, risk allocation, pricing mechanics and performance targets have remained static; and
- 2) The incumbent supplier was originally appointed to deliver the service in August 2008, with all multiple contract extensions ending December 31<sup>st</sup> 2021. The incumbent supplier has agreed a further contract extension proposed from effect of 1<sup>st</sup> January 2022 to to 31<sup>st</sup> September 2022. The Council's procurement timeline is based on the existing contract to end on 31 September 2022. However, this report is also requesting approval for an optional additional 3 month contingency period between 1 October 2022 to 31<sup>st</sup> December 2022 with the existing supplier. This 3 month contingency will only be utilized if there are unforeseen delays to the procurement process; and is subject to agreement with the incumbent supplier.

The Council is seeking this extension to take effect from 1 January 2022. It has taken a significant length of time to progress the depot lease re-negotiations as set out in paragraph 2.2 of the Part B report. We have now reached a position in relation to these lease negotiations that allow us to seek approval for this contract extension. The 9 month extension has been agreed by both parties, pending Council authorisation that is being sought via this Cabinet Report.

### 3.4 Commissioning Intentions

The Council has carried out a review of all the future service provision commissioning solutions available to it and concluded that the preferred option for future commissioning of the arboricultural service has been identified. More details of the commissioning and procurement options considered can be found at paragraph 13.4. Procurement Options Assessment. The outcome of the options assessment informed the recommendation to procure via PCR Open

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compliant tender process.

### 3.5 Key Policy Objectives

The management of the borough's trees on the Highway, woodlands, parks, communal grounds, and green spaces is a legal Health and Safety requirement and a Statutory Duty of Care of the Authority and enshrined in Law.

- The Health and Safety at Work Act 1974
- The Management of Health and Safety at Work Regulations 1999
- The Highways Act 1980
- The Construction (Design and Management) Regulations 2015

Other commonly used industry guidance and Standards can be found on the HSE website:

- Management of the risk from falling trees and branches.  
Forestry Commission website:
- The National Tree Safety Group Common Sense Risk Management of Trees.

Tree management is also a key priority for the Administration, as set out in the manifesto: "Parks and green spaces are vital to our busy town because they help to make Croydon livable. They help to create healthy communities where everyone can exercise and have fun."

The key objectives set out in the manifesto **and** best industry practice and Duty of Care are:

- Working with local communities to enable them to take the decisions that affect their parks.
- Ensuring Croydon is a place that values the arts and culture, where sport is accessible and encouraged.
- Working to make our parks, open spaces, communal grounds, and the public highway safe for all.
- Planting 3,500 new street trees by 2023, on streets and open spaces with priority given to areas of high air pollution. Note since 2020 this objective is external grant reliant.
- To reduce the environment impact of tree works and recycle 100% of arisings in a sustainable manner.
- To improve the important habitats and to protect and improve biodiversity.

A key consideration was the ambition to insource some aspects of the function previously supplied by specialist Arboricultural contractors for routine maintenance. However, due to the reduction in resources within the Grounds

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Maintenance Team this option is currently seen as unrealistic.

### 3.6 Service Areas

The service area elements identified in the table below have been identified for inclusion within the Council's next arboricultural services contract.

On those that are optional, as the council are looking at the ways it delivers its services, these may come in to scope at a later date.

Item	Key Activities	Service Area Requirement
1	On-street/Highway	Essential
2	Parks & Open Spaces	Essential
3	Ancient Woodlands	Essential
4	Housing HRA	Essential
5	Crematorium and Gardens	Optional
6	Schools	Optional
7	Other LBC properties and land (e.g., libraries)	Optional

The service will allow the Council to maintain its trees for longevity and with the added benefit of cost saving for the Council. This in turn will help with sustainability and improved air quality, especially in the north of the borough where the air pollution is high. These services are aligned to the following council's new priorities and ways of working:

- We will live within our means, balance the books and provide value for money for our residents.
- We will focus on tackling ingrained inequality and poverty in the borough. We will follow the evidence to tackle the underlying causes of inequality and hardship, like structural racism, environmental injustice and economic injustice.
- We will focus on providing the best quality core service we can afford. First and foremost, providing social care services that keep our most vulnerable residents safe and healthy. And to keep our streets clean and safe. We will live within our means, balance the books and provide value for money for our residents.

### 3.7 Business Scope

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The functions identified in the table below have been identified as being key business scope items for inclusion within the Council's next arboricultural services contract.

Item	Service Delivery	In-house Council	External Supplier
1	Risk management (operational management and support)	•	
2	Customer care and stakeholder Engagement	•	
3	Tree inspections and planned maintenance. (ongoing condition monitoring)	•	
4	Tree safety inspections (data collection)	•	•
5	Planned network maintenance (routine preventative maintenance)		•
6	Reactive emergency call outs (non-routine works)		•
7	Capital delivery (Tree planting & improvement works)		•
8	Professional services (technical expertise)		•

### 3.8 Personnel implications (including TUPE)

The arboricultural services contract will not significantly impact existing Council Officers, the Council's human resource department will however be informed throughout.

The arboricultural service has been delivered by a supply chain partner (City Suburban Tree Surgeons Limited) originally engaged and contracted to deliver the service in 2008. There is the potential for TUPE implications on the incumbent contractor's personnel. It is expected that the primary source of TUPE staff will be at an operative level (estimated at 9 employees but to be confirmed).

### 3.9 Social Value

In line with the Council's Social Value Framework, potential bidders will need to demonstrate initiatives to support Croydon residents, local economy, the local supply chain, employment and skills and environmental factors. A strong social value offer is anticipated by potential bidders due to both the nature and value of the contract. Social Value is to be evaluated at 10% of the total Quality score and bidders will be evaluated based on their social value proposal proportionate to the size of contract.

### 3.10 GDPR

The Council has determined that the GDPR service provision for arboricultural services is identical to that required for delivery of the Highways term service contract. Data protection Assessment is yet to be carried out. A DPIA will also be carried out.



## For Publication

### 3.11 Other Considerations - Depots

The existing contract provides the external supplier with the use of a Council owned depot facility located at Oaks Road Depot, Off Oaks Road, Croydon, CR0 5HL. The depot facilities are currently under review by Legal and Estates for the future use as part of this contract

- 3.12 The previous 9-month extension (ref CCB1687/21-22) was for the procurement of a new contract, but due to the reasons set out in paragraph 2.2 of the Part B report, there was a delay in the procurement process and the service area ran out of time to procure a new contract. A lease for Conduit Lane depot will be negotiated, and will not impact on the new contract, as it does not form part of it. The new contract will give the supplier the option to choose whether they will use Oak Road Depot under a contracted out-lease with the Council or their own facilities to manage the service.

The length of time taken to progress the depot solution to this point has caused a further delay in starting the re-procurement process. Due to this further delay this report is asking for approval for a further extension proposed from effect of 1<sup>st</sup> January 2022 to to 31<sup>st</sup> September 2022. The Council's procurement timeline is based on the existing contract ending on 31 September 2022. However, this report is requesting an optional additional 3 month contingency period between 1 October 2022 to 31<sup>st</sup> December 2022 with the existing supplier. This 3 month contingency will only be utilized if there are unforeseen delays to the procurement process; and is subject to agreement with the incumbent supplier.

### 3.13 Proposed Procurement Route

The anticipated contract value of the new contract is estimated at £7,500,000 exclusive of VAT or £9,000,000 inclusive of VAT and more than the PCR thresholds, the procurement is to be therefore undertaken through an Open compliant process. From 1<sup>st</sup> of January 2022 the VAT inclusive value is used to determine if the contract value is above the PCR threshold. For other purposes, primarily budgeting, it is the VAT exclusive values that is relevant and therefore all other values in this report are exclusive of VAT. Due to the high volume and diverse range of sole traders, SME's and National providers in the market, the intention is to undertake procurement under a PCR Open procedure.

Other routes to market were considered including the use of Public Sector Frameworks. The framework option explored did not fully meet the needs of the Service. More details can be found at paragraph 13.4 Procurement Options Assessment.

### 3.14 Contract Terms and Conditions

Contract terms and conditions will be based on a term service contract, to be produced in consultation with legal services, in relation to tree and woodlands

work. The Council are proposing that the new arboricultural services provision should start on the 1st of October 2022 and the service will be awarded on the basis that the contract term will run for 5 years with the option to with an option to extend 1 or more times up to a maximum of 5 years. This extension period allows sufficient flexibility to ensure the Council achieves best value when agreeing an extension provision with the contractor. This will allow the contractor to price in a way to recoup the additional capital costs they will incur in providing the service over the extension period over a reasonable time period; e.g. leasing of vehicles, plant etc.

### 3.15 Evaluation

#### a) **Tender Evaluation**

The Council's Standard Selection Questionnaire (SSQ) is to be used to set the minimum criteria relating to technical, economic, and financial capabilities. Financial checks will be undertaken by Finance to confirm the financial standing of selected suppliers, in consideration to the contract value, risk and the supplier's financial capability.

The Tender will be evaluated at 60% Price and 40% Quality and will be made up of weightings to ensure there are mechanisms in place to evaluate a broad range of requirements.

The Council is deviating from the from the evaluation ratios of 60% Quality and 40% Price under Regulation 22.4 to 60% Price and 40% Quality via a waiver under Regulation 19 of the Council's Tenders and Contracts Regulations. The reason for this weighting change is to apply a stronger emphasis on price due to the need to ensure the affordability of the Contract. This is required due to the Council's current financial situation and requirement to deliver savings as part of its Medium Term Financial Strategy. Whilst 60% of the weighting on price encourages the market to provide the best possible price, the 40% quality weighting is deemed sufficient to incentivise the bidders to provide a bid that offers a good quality service offering. This is a mature market with numerous well-established suppliers that are capable of meeting the service requirements, and therefore the risks of increasing the price weighting are considered low.

#### **Price – 60%**

Price weightings. In accordance with Tender and Contract regulation 19 a waiver has been requested as it is recommended to apply Tier One weighting of 40% Quality and 60% Price. Market research have been carried out to help inform the Council's proposed procurement strategy. The deviation from the standard 40% price is to achieve the best possible price for the Council due to the current circumstances in relation to its financial position and tight budgets and are in line with other similar Councils where prices are generally 60% to 70% of the evaluation criteria.

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Tenderers/bidders will be required to submit pricing based on a schedule of rates across a range of service requirements outlined in the specification. The Bidder(s) which submit the lowest Total Contract value will receive the maximum price score of 60%.

The Schedule of Rates Pricing Matrix will have a maximum scoring of 60%

PSP will be included as part of the price evaluation.

### Quality – 40%

Method Statement Questions will be made up of a range of questions to evaluate supplier's technical merit, experience and capability and providers will be required to demonstrate how well they can meet the Council's requirements. To ensure an extensive evaluation of Quality, a broad range of questions relating to service capability, health and safety standards, performance monitoring, quality assurance practices and social value will be published in the Tender. A weighting will be applied to each Method Statement question and will be scored against the Council's standard score criteria between scores 0-5. An example of questions (but not limited to) is outlined below.

Management and Personnel Structure for Contract	10%
Meeting Clients KPIs and Service Levels	15%
Health and Safety Compliance	15%
Permitting and Traffic Management	10%
Dealing with Complaints	15%
Reporting, Standards and Auditing	10%
Social value including Environmental Policy & Sustainability	25%
<b>Total</b>	<b><u>100%</u></b>

The tender is to be evaluated by evaluators from the Arboriculture Service who will independently evaluate responses to Method Statement Questions and be participant in a moderation session led by Procurement.

Evaluation panel members:

The panel will consist of the following key officers with other roles across the Council evaluating as appropriate

1. Trees and Woodlands Manager – Arborist
2. Head of Service, Environment Services & Sustainable Neighbourhoods
3. Trees and Woodlands Officer – Arborist
4. Representative from the Housing Department

**b) Procurement Timeline**

Activity	Proposed Date
Procurement Board	27 <sup>th</sup> January 2022
Cabinet	21 <sup>st</sup> February 2022
Final ITT Pack to be drafted and approved	7 <sup>th</sup> March 2022
PCR Contract Notice and ITT Pack published	14 <sup>th</sup> March 2022
Tender return deadline	14 <sup>th</sup> April 2022
Tender evaluation	17 <sup>th</sup> -21 <sup>st</sup> April 2022
Moderated scores and feedback finalized, and award report drafted.	25 <sup>th</sup> – 27 <sup>th</sup> April 2022
Procurement Board	12 <sup>th</sup> May 2022
Cabinet meeting (if applicable) Delegated Cabinet Members signing/approval of decision with 5 days scrutiny period	June 2022
Standstill period conclude	July 2022
Contract award	July 2022
Mobilisation/TUPE	August 2022
Contract commencement	1 October 2022
PCR Contract Award Notice dispatch (if applicable)	September 2022

Advice is currently being obtained in relation to leaseholder consultation (Section 20 of the Landlord and Tenant Act 1985 (as amended)), for trees within the Housing portfolio and this may affect the timetable.

**c) Risks**

Risk	Impact	Existing Controls	Impact (1 to 5)	Likelihood (1 to 5)	Total
Contractor - low staff morale causing unrest because the contract has a defined end date.	Could result in incumbent contractors having performance issues due to retention issues.	Council management team to introduce de-mobilization items into monthly contract management meetings and keep incumbent contractors informed.	5	3	15

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Cost of delivering the project.	Costly support costs during procurement including Finance, HR, Procurement, Legal, and project management.	Ensure support and budget is available to deliver the project.	5	1	5
Project does not deliver value for money.	The preferred option does not deliver value for money.	Ensure correct due diligence is carried out before committing to a preferred service delivery solution.	4	1	4
Ability of future contract to cover every eventuality.	Amendments / additions to contracts would be costly post service commencement because competitive tension is no longer present.	Apply established model form contracts, ensure that lessons learnt from previous contract provision are built into the new contract.	4	2	8
Risk associated with appointment long contract term with single contractor	Poor service quality and/or failure to deliver the works. The Council's expectations and customer satisfaction are affected.	Ensure required outcomes and service delivery requirements are clearly defined so that performance can be measured, and business improvement initiated when required.	4	2	8
EU / UK severance may lead to economic instability.	Instability in supply chain / market	The procurement route will follow Open Procedure and model contract documentation to ensure attraction to the market.	5	1	5

### d) Performance Monitoring

Contract Performance will be monitored and reported through auditing of works. This will be done through monthly Contract meetings with suppliers, monthly audits on completed works by in-house Tree Officers and a monthly report created on findings to be sent to senior management. KPI's may include senior

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user satisfaction surveys, Satisfaction with Health & Safety Management including Permitting, Number of Defects from audit of completed jobs, Number of jobs meeting Contract delivery dates, Number of responses to enquiries within 3 working days.

### 4. CONSULTATION

4.1 Consultation has taken place with colleagues in legal, HR, finance, and procurement.

### 5 PRE-DECISION SCRUTINY

5.1 The process for awarding the contract will follow set procurement rules and as such will not be considered by Scrutiny.

### 6 FINANCIAL AND RISK ASSESSMENT CONSIDERATION

#### 6.1 Revenue and Capital consequences of report recommendations

	Current year	Medium Term Financial Strategy – 3-year forecast		
	2021/22	2022/23	2023/24	2024/25
	£750,000	£750,000	£750,000	£750,000
<b>Revenue Budget available</b>				
Expenditure	750,000	750,000	750,000	750,000
Income				
<b>Effect of decision from report</b>				
Expenditure	150,000	£0	£0	£0
Income				
<b>Remaining budget</b>	<u>£360,000</u>	<u>£570,000</u>	<u>£750,000</u>	<u>£750,000</u>
<b>Capital Budget available</b>	£0	£0	£0	£0
Expenditure	£0	£0	£0	£0
<b>Effect of decision from report</b>				
Expenditure	£0	£0	£0	£0
<b>Remaining budget</b>	<u>£0</u>	<u>£0</u>	<u>£0</u>	<u>£0</u>

**6.2 The effect of the decision**

The above £750,000 is already in existence and is the annual revenue budget set for tree works. Capital budget was cut in 2020 and external grants are being applied for to fill that hole. For the near future only, essential work will be undertaken to ensure Duty of Care obligations are fulfilled and actionable nuisance issues are resolved. This is to keep expenditure in line with current Authority's Financial challenges and ensures the proposed spend meets the Council's essential spend criteria in accordance with the financial guidance. The budget will cover dead dying or dangerous trees, Highway access issues such as low growth removal or pruning to reduce the risk from subsidence.

Depot and waste recycling facilities yet to be agreed.

Although the estimated contract value is £7,500,000 the Find a Tender notice will include a range of contract values between £5,000,000 and £10,000,000 to allow for any extra costs including any grant funded capital projects.

**6.3 Risks**

Not going out to tender and ending the contract could result in no emergency cover for arboriculture, and a failure of the Authorities Duty of Care obligations. Not going out to tender and further extending the existing contract could lead to breach of Council and National legislation leading to a potential legal challenge from past applicants to potential bidders.

**6.4 Options**

See Options listed in section 13 and the Part B report for options considered and rejected.

**6.5 Future savings/efficiencies**

A new contract will allow the Authority to modernise the requirement and come in line with current ways of working, Policy, and financial limitations. New KPI's will also allow for easier auditing and contract management.

**6.6** Approved by: Matthew Davis, Interim Director of Finance.

**7. COMMENTS OF THE COUNCIL SOLICITOR AND MONITORING OFFICER**

The Council is under a general Duty of Best Value to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness (Section 3 of the Local Government Act 1999 (as amended by s137 of the Local Government & Public Involvement in Health Act 2007))

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The Cabinet is empowered to make the decision in accordance with the recommendations pursuant to the Tenders and Contracts Regulations, which form part of the Council's Constitution

7.2 Approved by: Kiri Bailey Interim Head of Commercial & Property Law on behalf of the Interim Director of Legal Services

### **8. HUMAN RESOURCES IMPACT**

8.1 There is no immediate HR impact in regards to the extension of the contract in this report. If any should arise, these will be managed under the Council's policies and procedures.

8.2 However, just to make you aware, when the tendering for the new contract takes place, there may be a TUPE implication for whichever company is successful in bidding for the contract, if the work remains the same.

8.3 Approved by: *Jennifer Sankar, Head of HR Sustainable Communities, Regeneration and Economic Development Directorate and Housing Directorate, for and on behalf of Dean Shoemith, Interim Director of Human Resources*

### **9. EQUALITIES IMPACT**

9.1 The Council does not consider that there are any direct impacts on equality. An Equalities Assessment has been carried out and signed off.

9.2 Trees are a key part of the Council's environmental amenities and these environmental amenities foster good relations between groups.

9.3 In the event of a change in contractor the incumbent staff will be protected by TUPE regulations. This will ensure the contractor's staff are not made redundant due to the change of provider and protects their Terms and Conditions. This contract will require the contractor to pay their staff the London Living Wage which meets the Council's core priority, to tackle ingrained inequality and poverty in the borough, following the evidence to tackle the underlying causes.

9.4 The Council will encourage the successful contractor to adhere to and sign up to the George Floyd Race Matters Pledge and Equalities Pledge as the Council's standard in equalities.

9.5 Denise McCausland – Equalities Programme Manager

### **10. ENVIRONMENTAL IMPACT**



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- 10.1 Since April 2021 Arboricultural works have been re-aligned to fit within the financial challenges for the next three years. This has resulted in a significant reduction of works orders being raised and thus a reduction of travel and machinery use.
- 10.2 The last three years has seen planting of up to 2500 new street trees requiring irrigation. The long-term benefits of new trees are seen as outweighing the establishment and irrigation impacts.
- 10.3 Timber arising from existing and future contract are and will be recycled. The main purposes of the Arboricultural Contract are to manage risk from trees and improve habitat quality through best practice management.

## **11. CRIME AND DISORDER REDUCTION IMPACT**

- 11.1 There are no crime and disorder reduction impacts arising from this report.

## **12. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION**

- 12.1 The current supplier has been in Service since 2008 and the Contract has reached the maximum extension limit. The proposed tendering of a new contract will allow for the new contract to be in line with current Authority ethos, working practices and available resources. The new contract will also allow the Authority to have a robust contract management element, build on lessons learned and to priorities risk to meet our Duty of Care whilst meeting the financial challenges facing the Authority.
- 12.2 Failure to procure a new contract will leave the Authority open to legal challenges if the current contract is again extended beyond contractual terms, the Council will be in breach of the PCR Regulations.
- 12.3 The new contract will provide a new set of KPI's, terms and ways of working that will improve contract management elements. It will also allow for the formalisation of the depot usage and a potential income from Depot use. Suppliers will be able to bid to use their own depot or can use ours at a cost factored into the evaluation process. A new pricing matrix will also eliminate grey areas of costs associated with tree works historically based on height but going forward will be based on tree stem diameter at 1.5m from the ground. Not procuring a new contract will leave the Authority without emergency cover in the event of fallen trees blocking the highway or falling onto property. Works to reduce insurance risk and general risk from trees will also be unavailable and could lead to an increase in subsidence claims or negligent claims.

## **13. OPTIONS CONSIDERED AND REJECTED**

### **13.1 Procurement Options Considered**

The main advantages and disadvantages associated with each option and the recommendation on validity of the option for future service provision has been summarised at paragraph 13.4 (Procurement Options Assessment).

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### 13.2 Preferred Procurement Option

The Council carried out a review of the future service provision commissioning solutions identified and concluded that preferred option for future commissioning of the arboricultural service was to tender the works to the open market to ensure value for money through tested market rates. This preferred option is identified as option Bi in paragraph 13.4 (Procurement Options Assessment). The Council would be extending the original contract to allow time for a full procurement to be conducted.

### 13.3 Preferred Procurement Option Due Diligence

The Council recognised that through the tender process technical due diligence would be required as part of the tender documentation and scoring process before committing and awarding the contract.

An earlier proposal to provide future tree works to the incumbent Highway supplier (option is identified as option E in the Procurement Options Assessment table in Part B of this report, was ruled out after a legal challenge from the incumbent arboricultural supplier. The remaining options are shown in more detail below.

### 13.4 Procurement Options Assessment

Options considered are for both the extension and the procurement.

Option Summary	Pros	Cons
Option Ai – Do nothing, - allow the contract to expire and stop the arboriculture service. <b>(Not Recommended)</b>	Saves costs of running the service.  Reduced Council management input.	No emergency cover for arboriculture, and failure of the Authorities Duty of Care obligations.  Unable to fulfil statutory duty to clear the Highway for emergency services.  Health and safety issues with damage to property and people.  Legal costs resulting from the damage caused to property and people.
Option Aii – Further extend the existing contract to continue with the existing outsourced term service contract arrangement. <b>(Not Recommended)</b>	Reduced Council management team input at tender preparation stage. Council officers are familiar with the outsourced single contractor service currently delivered.	Existing contract terms and conditions are outdated. The Council's key objectives and strategy for delivery of arboricultural services has changed significantly since 2008. The current contract specification is to pre

		<p>BS3998 2010 specification, leaving our tree stock with large pruning wounds and entry points for pathogens, which would lead to early tree failure and increased cost to the council.</p> <p>Working methods and practices built into the original contract have changed significantly. Additional service requirements have been identified and become the Council's responsibility during the existing contract term and these requirements have not been agreed formally.</p> <p>A further extension of the contract term would extend beyond the bounds of what was originally communicated to the competitive market when procuring the original contract in 2008. It could be open to a challenge from one or more of the originally unsuccessful bidders and not re-tendering the works does not represent value for money for the Council. This would be in breach of the PCR Regulations.</p>
<p>Option Bi – Open Procurement. The Council would appoint a contractor to deliver a contract based on the Council's latest requirements. <b>(Recommended Option)</b></p>	<p>Experience of monitoring and managing external contractors is already retained within the Council.</p> <p>Enables a competitive Open procedure procurement process to be undertaken in accordance with PCR 2015. This would reduce the risk of challenge.</p> <p>This would be a PCR compliant route and least</p>	<p>Management styles and philosophies may differ from Council's view.</p> <p>Requires a strong Council management team to get the right delivery.</p> <p>The scope, specification and key service requirements will need to be clearly defined for the Council to realise the financial and performance benefits.</p> <p>Larger contractors are commercially driven, and organisations can make</p>

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	<p>likely to be challenged. Also, the original contract scope has changed.</p> <p>The scope</p> <p>Ability for the Council's requirements relating to Premier Supply Programme (PSP), London Living Wage and Social Value to be incorporated within the ITT pack.</p> <p>Obtain Competitive market prices and experiences</p>	<p>claims difficult for the Council to handle.</p> <p>Preparation of a contract that delivers in accordance with the Council's requirements would require significant technical input from both technical and legal experts.</p>
<p>Option Bii – Procurement via a compliant framework The Council would appoint a contract to a contractor to deliver a contract based on the Council's latest requirements.</p> <p>The most suitable Framework Found was ESPO Grounds Maintenance Services (Ref 245_21) Lot 2 Arboriculture Services</p> <p><b>(Not Recommended)</b></p>	<p>Quicker route to market than open procurement whilst still ensuring competitive element.</p> <p>Standardised framework contract and documentation that can be used which speeds up the procurement process and reduces costs</p> <p>Experience of monitoring and managing external contractors is already retained within the Council.</p> <p>Using a compliant framework is permitted under PCR 2015. This would reduce the risk of challenge.</p> <p>This would be a PCR compliant route and is unlikely to be challenged.</p>	<p>Limited pool of contractors on framework may reduce competition and exclude local organisations not on the framework.</p> <p>Limits the ability to incorporate bespoke Council requirements relating to Premier Supply Programme (PSP), London Living Wage and Social Value.</p> <p>Management styles and philosophies may differ from Council's view.</p> <p>Requires a strong Council management team to get the right delivery.</p> <p>Larger contractors are commercially driven, and organisations can make claims difficult for the Council to handle.</p>
<p>Option C – In-house Service The Council would introduce its own in-house Direct Labour</p>	<p>Greater control over service delivery and the adjustment of service levels to accommodate budget constraints or political</p>	<p>A phased establishment of the service would be required – interim employment of external management consultants,</p>

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<p>Organisation (DLO) to deliver a term service contract based on the Council's latest requirements. <b>(Not Recommended)</b></p>	<p>agenda's – Most, if not all, outsource contract models rigidly apply key performance indicators. Governance can be structured to be more flexible with less scrutiny applied to spend. Greater control of how revenue is spent, prioritised, and allocated.</p>	<p>local contractors and agency staff would be required to back fill gaps in service. Council retain responsibility for appointment and management of local specialist subcontractors. Potential for future TUPE issues if Council decide to revert to outsourcing. Difficult to attract the additional high caliber management and delivery resources required to deliver the service. Prohibitive cost of the training and development and maintaining competencies that are not needed on a permanent or continuous basis. Prohibitive cost of purchasing and maintaining a vehicle fleet and plant.</p>
<p>Option D – Multiple SME Contractor Service The Council would employ multiple small to medium sized contractors to deliver a term service contract based on the Council's latest requirements. <b>(Not Recommended)</b></p>	<p>Allows access to the market for organisations that would be otherwise overlooked or unable to provide commercially and technically compliant solutions. It is often easier to develop and maintain meaningful client / customer relationships with smaller contractors. Smaller contractors tend to be less commercially aggressive than the larger contractor. Flexible working can be achieved by having more than one small contractor option for each work element. Introduces the potential for more local contractor involvement.</p>	<p>The management systems run by the larger contractors are not normally held by smaller organisations - i.e., quality, health, and safety and environmental. The management of multiple small contractors would require significant additional resources within the Council. Smaller contractors may find it difficult to cope with the workload, especially when an emergency occurs (e.g., multiple incidents resulting from inclement weather).</p>
<p>Option E - as detailed in Part B of this report</p>		

Option F- as detailed in Part B of this report.		
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**14. DATA PROTECTION IMPLICATIONS**

**14.1 WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?**

**NO**

No Personal data will be processed.

**14.2 HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?**

**NO**

No personal details will be processed.

The Director of Sustainable Communities comments that the council's information management team have advised that a DPIA would not be required in this instance and that... The subject of the report does not involve the processing of personal data

*(Approved by: Steve Iles the Director of Sustainable Communities)*

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**CONTACT OFFICER:** Paul Dalton, Tree and Woodlands Manager

**APPENDICES TO THIS REPORT**

**BACKGROUND PAPERS**

<b>CONTRACTS &amp; COMMISSIONING BOARD</b>	
<b>REVIEW POINT 3 (RP3) - CONTRACT AWARD REPORT</b>	
<b>Director of C&amp;P via CCB £100k to £500k Nominated Cabinet Member via CCB &gt;£500k to £5m Cabinet via CCB &gt;£5m</b>	
CCB AGENDA ITEM:	27.01.2022
Project name:	Corporate Cleaning and Security Services Contract
Dept. report author:	Dean Myles (Principal Facilities Manager, Commercial Investment and Capital)
Project Sponsor (Director or above):	Peter Mitchell (Interim Director of Commercial Investment and Capital)
Executive Director:	Richard Ennis (Interim Corporate Director of Resources) David Padfield (Interim Corporate Director of Housing)
Contract Manager:	Dean Myles (Principal Facilities Manager, Commercial Investment and Capital)
Report Version:	V5
Date report to go to CCB:	27 <sup>th</sup> January 2022
Next Review Date (RP4)	N/A

### AWARD REPORT – CHECKLIST:

Estimated Contract start date:	01/04/22	
Estimated Contract end date - <b>excluding</b> any extension periods (for construction and works contracts, officers need to include the time period for the defects liability period):	31/03/26	
Is there provision to extend or vary this contract within the terms and conditions?	Yes	
Planned extension type (e.g., 2 x 1 yr, 3 years, etc):	1+1	
What is the maximum end date <b>including</b> all extensions?	31/03/28	
Has the supplier signed up to Premier Supplier Programme (PSP)? If yes, have you informed legal the PSP Supplier Participation Agreement will need to be included in the contract?	Y	
	Y	
An <a href="#">Equality Analysis</a> has been undertaken, reviewed, and approved by the Equalities Manager, Denise McCausland	Y	
Awarded supplier's response to Equalities questions (section 8 of the Tender Response Document) has been sent to Equalities Manager, Denise McCausland		N
Has an electronic copy of the contract been requested?		N

### STAGE 1 APPROVAL:

Strategic Procurement Manager	Matthew Devan	21/01/22
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### STAGE 2 APPROVALS

Departmental sign-off	Who	Date Circulated	Date Approved
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Budget Approved by relevant dept. S151 Finance Officer	Matthew Davis	19/11/21	27/01/22
Confirm relevant Cabinet Member is sighted on the report	Cllr Callton Young	27/01/21	27/01/21
Confirm relevant Cabinet Member is sighted on the report	Cllr Patricia Hay-Justice	21/01/22	30/01/22
Interim Corporate Director of Resources	Richard Ennis	21/01/22	30/01/22
Interim Director of Commercial Investment and Capital	Peter Mitchell	21/01/22	27/01/22
Interim Corporate Director of Housing	David Padfield	21/01/22	27/01/22
Human Resources	Jennifer Sankar	26/11/21	21/01/22
Legal Services	Sonia Likhari	19/11/21	21/01/22
Equalities Manager	Denise McCausland	26/11/21	21/01/22
Relevant Head of Service C&P	Scott Funnell	19/11/21	20.01.22
CCB Inbox	<a href="mailto:ccb@croydon.gov.uk">ccb@croydon.gov.uk</a>	<insert>	N/A
<b>STAGE 3 APPROVALS (CCB)</b>			
<b>CCB sign-off</b>		<b>Approval reference number</b>	<b>Date</b>
Director of C&P Director of Law & Governance Head of Commissioning & Procurement Director of Finance & deputy Section 151 Officer Commissioning & Procurement Governance Manager		<b>CCB1723/21-22</b>	<b>01.02.2022</b>



<b>REPORT TO:</b>	<b>CABINET FEBRUARY 2022</b>
<b>SUBJECT:</b>	Corporate Cleaning and Security Contracts
<b>LEAD OFFICER:</b>	Richard Ennis Interim Corporate Director of Resources David Padfield Interim Corporate Director of Housing Peter Mitchell Interim Director of Commercial Investment and Capital
<b>CABINET MEMBER:</b>	Councillor Patricia Hay-Justice, Cabinet Member for Homes Councillor Callton Young, Cabinet Member for Resources and Financial Governance
<b>WARDS:</b>	<b>All</b>
<p><b>CORPORATE PRIORITY</b></p> <p>Our priorities – 2021-2024 for Croydon will support the delivery of the new administration priorities as set out below:</p> <p>We will focus on providing the best quality core service we can afford. First and foremost, providing social care services that keep our most vulnerable residents safe and healthy. And to keep our streets clean and safe. To ensure we get full benefit from every pound we spend, other services in these areas will only be provided where they can be shown to have a direct benefit in keeping people safe and reducing demand.</p>	
<b>FORWARD PLAN KEY DECISION REFERENCE NO.: 5121CAB</b>	

## **FINANCIAL IMPACT**

The proposed award for the cleaning contract starts from 1<sup>st</sup> April 2022 to 31<sup>st</sup> March 2028 and award security from 1<sup>st</sup> April 2022 to 31<sup>st</sup> March 2028. Both with option to extend for further two years (4+1+1) up to maximum six years with a maximum combined value of £19,000,000.

In summary, both cleaning and security related expenditure under this proposed contract falls under the following categories:

- (i) expenditure required to deliver the Council's provision of essential statutory services at a minimum possible level
- (ii) expenditure necessary to mitigate additional in year costs

In addition, the main consideration for Finance based on the grounds for 'new' expenditure, as follows:

Prevent the Council's financial situation from getting worse deriving possible Health and Safety breaches, whereby lack of service provision will not enable the Council as a responsible Employer and Landlord, to ensure the safety of staff and tenants at the occupied buildings including extended temporary accommodations.

## **1. RECOMMENDATION**

### **FOR CCB**

**The CCB is asked to recommend to the Cabinet to approve the recommendations set out below:**

### **FOR CABINET**

The Leader of the Council has delegated to the Cabinet the power to make the decisions set out in the recommendations below

### **RECOMMENDATIONS**

The Cabinet is recommended:

- 1.1 To approve the award of a contract for the provision of corporate cleaning services (Lot 1) for an initial period of 4 years, with an option to extend for up to two periods of twelve months each, up to a maximum contact term of 6 years, to bidder A (named in the Part B report) and for the contract value stated in the Part B report.
- 1.2 To approve the award of a contract for the provision of corporate security services (Lot 2) for an initial period of 4 years, with an option to extend for up to two periods of twelve months each, up to a maximum contact term of 6 years, to bidder G (named in the Part B report) and for the contract value stated in the Part B report.
- 2 To note the names of awarded providers will be released following the award decision.

## **2. EXECUTIVE SUMMARY**

- 2.1 The purpose of this report is to seek Cabinet approval to award contracts respectively for Corporate Cleaning and Security Services.
- 2.2 On 17th February 2021, the Contracts and Commissioning Board (CCB) endorsed the recommended procurement strategy for delivery of the corporate cleaning and security services contract in accordance with the approved procurement strategy report (ref: CCB1658/20-21).
- 2.3 It was agreed to re-procure the corporate services in collaboration with temporary accommodation and development service in Housing to consolidate procurement of similar services which have traditionally been procured separately. This would prevent duplication of efforts and enhance aggregation of spend, maximising the Council's negotiation leverage particularly with driving business process efficiencies and obtaining good intelligence data.
- 2.4 The report outlines the procurement process that was undertaken and recommends the most economically advantageous tender award for the provision of both services. Exempt information is provided within the associated Part B report on this agenda.
- 2.5 The contract commencement dates will be 1<sup>st</sup> April 2022 for corporate security and 1<sup>st</sup> April 2022 for corporate cleaning.
- 2.6 The contents of this report have been endorsed by the Contracts and Commissioning Board.

<b>CCB ref. number</b>	<b>CCB Approval Date</b>
<b>CCB1723/21-22</b>	<b>01.02.2022</b>

### **3. DETAIL**

- 3.1 As a responsible Employer and/or Landlord, there is a need to meet the ongoing requirement for provision of cleaning and security services to the Council's estate which include corporate, housing, temporary accommodation, and social care related properties. This is to provide clean, safe places of work for all employees, workers and residents and take their welfare and security needs into account to meet our legal duties.

#### **Existing Contracts**

- 3.2 The existing corporate contracts were originally awarded to Churchill Contract Services Ltd (Ref: 25/15/CAB) for cleaning services and Profile Ltd (Ref: 2616FT) for security provision, commencing from 3rd July 2016 to 2nd July 2021. Extension periods of 4+4 months until 1<sup>st</sup> April 2022 and 1<sup>st</sup> April 2022 respectively were approved as a delegated decision to allow sufficient time to complete the procurement process and deal with the capacity issue within the FM team.

#### **Service Demand**

- 3.3 As part of the comprehensive commissioning review, a pre-market engagement exercise and spend analysis was carried out to help inform the Council's proposed procurement strategy, in accordance with the approved procurement strategy report (ref: CCB1658/20-21).

- 3.4 The new long term corporate cleaning and security contracts are intended to reduce duplication of efforts across the Council, improve business process efficiencies, access good data intelligence, and improve performance management structure according to the Council's contract management framework. In addition, compliance with governance requirements, health and safety, and delivery of social value commitments are managed centrally by the Council's Facilities Management Service.

#### **Service Provision**

- 3.5 Cleaning services were previously commissioned over 3 separate suppliers with security services commissioned over 2 separate suppliers. These suppliers are currently managed and administered separately by corporate estates (general fund) and housing (HRA) functions. The temporary accommodations and development service in housing manages hostels and special sheltered accommodation. The residents of these buildings are single mothers or fathers, elderly, and vulnerable people. The cleaning and security services required by temporary accommodations and development service have been incorporated within the scope of the new contracts following a commissioning review. The delivery model will future proof the Council's requirements as the new contracts are flexible to meet the varying demands with minimal cost of change.

- 3.6 Following the outcome of the commissioning review and stakeholder engagement, the recommended proposed scope of cleaning and security contracts included:

#### **Cleaning Services:**

- Commercial 'routine' cleaning for 79 corporate estate sites and 3 Housing sites (including the cleaning of communal areas within sheltered and special sheltered accommodation)

- Commercial 'reactive' cleaning for 5 large corporate estate sites during fixing operating hours.
- Commercial 'periodic' cleaning. For example, deep cleans, industrial cleans etc. These are provided at additional cost and not included within the initial award values.
- Void cleaning and clearances
- Specialist commercial cleaning services, for example, guano removal, disinfection, fabric cleans
- Washroom supplies
- Medical waste
- Confidential paper waste
- Window cleaning (including the window cleaning to all communal areas for 775 housing properties throughout the Borough)

#### **Security Services:**

- Security Industry Authority (SIA) Licensed Static Guarding/reception duties for 8 corporate and 3 housing buildings
- Key holding and out of hours response service to 70 buildings
- Mobile security patrol service
- Escort Duties
- Helpdesk support service
- 24/7 Emergency Response

3.7 The outcomes from the new Council wide contracts to be achieved are:

- Quality corporate cleaning and security contracts that ensures our buildings are clean, secure, and safe to meet the expectations of residents, service users and ensuring adherence to Government and/or Public Health guidance particularly with regards to pandemic situations e.g., COVID19.
- The Council have specialist cleaning and security arrangements that are both flexible and meets the future needs of the Council and take an integrated approach to the provision arrangements.
- The Council is provided with the most cost effective and efficient means of monitoring and analysing cleaning and security performance data.
- The contracts will make provision for supporting the team to deliver day to day operational business.

#### **The Procurement Process**

3.8 The procurement route undertaken was a single-stage Open Procedure (FTS) Find Invitation to Tender ref: 20210331-006854 used to establish one or more lead providers to deliver the contracts for corporate cleaning and security services for a term of 4 years with two twelve month extension periods (1+1). The Council's standard terms and conditions were included in the invitation to tender (ITT).

3.9 A waiver in accordance with regulation 19 Tender and Contracts Recommendations was approved by procurement board ref: CCB1658/20-21 to deviate from the Council's standard 60% quality and 40% price weightings evaluation to 50% quality and 50% was applied in the ITT Pack to reflect the

current priorities of the service and to support its financial position, but at the same time recognises that quality is of equal importance to ensure premises are clean and secure.

- 3.10 The quality method statements addressed the following Tier 1 and 2 Weightings:

<b>Evaluation Section</b>	<b>Criteria</b>	<b>Weight</b>
<b>Corporate Cleaning Services</b>	<b>Qualitative Evaluation</b>	<b>50%</b>
	Overall Strategic delivery and resource allocation	8%
	Operational Service Delivery	10%
	Staff Experience	10%
	Quality Assurance and Compliance	10%
	Social Value	10%
	Premier Supplier Programme (PSP)	2%
	<b>Price</b>	<b>50%</b>
	Building Cleaning	40%
	Housing Window Cleaning	5%
	Additional Cleaning Tasks	5%
<b>Corporate Security Services</b>	<b>Qualitative Evaluation</b>	<b>50%</b>
	Overall Strategic delivery and resource allocation	10%
	Operational Service Delivery	10%
	Staff Experience	10%
	Quality Assurance and Compliance	8%
	Social Value	10%
	Premier Supplier Programme (PSP)	2%
	<b>Price</b>	<b>50%</b>
	Security Matrix	35%
	Key Holding, Out of Hours, Mobile Patrols	10%
Schedule of Rates	5%	

### **Procurement Evaluations**

- 3.11 The Tenders submissions fixed for 12months were opened on 23rd of May 2021. A total of fifteen Tender responses were received from both Lots 1 and 2, noting that most tenderers bid for Lot 2 Corporate Security services.
- 3.12 Potential Bidders were allowed to tender for both Lots 1 and 2, however four ITT submissions were received for cleaning services and eleven for the security services and therefore no submissions received for a single contract for both Lots. The submissions were evaluated against quality method statements and price using the criteria set out in the ITT (as mentioned above) by the procurement team.
- 3.13 The qualitative moderation and evaluation for cleaning and security were completed by an evaluation panel comprising:
- Principal Facilities Manager
  - CSW Manager
  - 2 x Facilities Building Manager
  - Security Manager

- 3.14 A moderated score was agreed for each tender question. The quality assessment was subject to a minimum score set out in the Instructions for tendering, with any bid failing to reach the minimum score of 2 required for each question, would fail the quality evaluation stage of the procurement.

### Cleaning Evaluation

- 3.15 The highest ranked bidder A scored 80.78% for corporate cleaning services, as outlined below. Notably, Bidder A received the highest evaluation score for quality and was ranked 1st out of 4 bidders. While achieving the 2nd highest score for price. Bidder A obtained good quality scores with added value on the overall strategic delivery, resource allocation, operational service delivery, quality assurance, and social value, meeting the Council's requirements. The Premier Supplier programme (PSP) was ticked within bidder A quality submission.
- 3.16 The outcome of the evaluation process:

#### Lot 1: Corporate Cleaning Services Tender Response Scores

	<b>Supplier A (Winner)</b>	<b>Supplier B</b>	<b>Supplier C</b>	<b>Supplier D</b>
<b>TOTAL</b>	<b>80.78%</b>	66.16%	74.90%	77.73%

### Security Evaluation

- 3.17 The highest ranked bidder G scored 78.34% for corporate security services is outlined below. Notably, Bidder G received the 2nd highest evaluation score for quality and ranked 2nd out of 11 bidders, while achieving 2nd highest score for price. Bidder G scored the highest score collectively. Bidder G obtained good quality scores with added value and demonstrated the ability to meet the Council's requirements. Premier Supplier programme (PSP) was agreed upon within bidder G quality submission.

- 3.18 The outcome of the evaluation process:

#### Lot 2: Corporate Security Service Tender Responses Score

	<b>Supplier A</b>	<b>Supplier B</b>	<b>Supplier C</b>	<b>Supplier D</b>	<b>Supplier E</b>
<b>TOTAL</b>	61.73%	76.11%	65.00%	61.79%	64.73%

	<b>Supplier F</b>	<b>Supplier G (Winner)</b>	<b>Supplier H</b>	<b>Supplier I</b>	<b>Supplier J</b>	<b>Supplier K</b>
<b>TOTAL</b>	69.58%	<b>78.34%</b>	66.89%	59.42%	59.19%	59.20%

- 3.19 Based on the outcome of a robust evaluation process; it is recommended for:-

Bidder A to be awarded the contract for corporate cleaning services (Lot 1), and Bidder G to be awarded for the corporate security services (Lot 2).

### **Contract Management**

- 3.20 The contractor's performance will be reviewed in accordance with the Council's contract management framework, Formal strategic quarterly review meetings on KPI performance will be reported to the Principal Facilities Manager of Corporate FM. The quarterly Tier one scorecards are reported to CMT.
- 3.21 The KPIs and benchmarking are used to allow the Council to:
- Set performance targets at the outset of the Contract
  - Monitor performance over the lifetime of the Contract
  - Benchmark performance to provide a basis for continuous improvement
  - Develop its use of KPIs to ensure they are challenging and fit for purpose.
- 3.22 There are five groups of KPIs for cleaning services:
- Generic KPIs which measure performance across the whole service including Customer satisfaction
  - Reactive KPIs which measure performance against the routine and periodic cleaning service
  - Voids KPIs which measure performance against the Voids service
  - Housing window cleaning, all housing properties to display a sticker which must be updated when the clean takes place
  - Confidential waste and feminine hygiene collections to take place in line with the contract
- 3.23 There are two groups of KPIs for security services:
- Generic KPIs which measure performance across the whole service including Customer satisfaction
  - Reactive KPIs which measure performance against the routine and reactive security service
- 3.24 In order to maintain quality a joint audit with the awarded providers for cleaning and security will take place whereby, performance outputs and continuous improvements are identified as part of the contract corrective action programme.

## **4. CONSULTATION**

- 4.1 Consultation has been carried with the incumbent providers with respective Service Areas such as Gateway services, Head of Temporary Accommodation and Service Development to ensure a coordinated approach is applied to managing the Council's assets and support services in a cohesive and efficient way. This enables the Council to maximise opportunities for efficiencies to be achieved from the Council having a clear co-ordination of the cleaning and security support service-related requirements.
- 4.2 The project team members were established to enable appropriate and relevant



disciplines within the Council to evaluate the tender submissions to determine which tender fulfils Council's requirements and offer the most economically advantageous tender.

## 5 PRE-DECISION SCRUTINY

5.1 This report did not go to a Scrutiny meeting.

## 6 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

### 6.1 Revenue and Capital consequences of report recommendations

(Refer to Part B)

### 6.2 The effect of the decision

The effect of the decision to award contracts to Lot 1 Bidder A for corporate cleaning services and Lot 2 Bidder G for corporate security services will enable the Council to award the related services within the allocated joint budget for the contract term of four years with option to extend for two further twelve months. As per the agreed procurement, including the Council's PSP, London Living wage and inflation adjustments.

### 6.3 Risks

Risk	RAG Status	Mitigation
Risk of procurement challenge from non-successful bidders	Low	<p>Robust procurement process undertaken supported by procurement team.</p> <p>10-day standstill period in line with Public Contracts Regulation 2015 will be adopted.</p> <p>Detailed unsuccessful tender letter with feedback will be provided to all the bidders.</p>
Risk that available budget reduces over contract lifetime	Low	<p>Funding has been allocated for both contracts from Corporate FM and Temporary Accommodations budget. These are a priority 1 service that need to be maintain throughout the Council Buildings.</p> <p>Should the Council decide to sell-off some of their assets this would reduce the requirement for cleaning and security services in some of the Council's buildings.</p> <p>In addition to the Waking Watch security provision need being terminated at Windsor House, it will create further savings.</p> <p>The service model has been designed to generate efficiencies through economies of scale and enable a shift of resources to over the contract lifetime which should create savings for the Council.</p>

		Robust contract management that includes penalties if performance is not met.
Not all staff may want to transfer over to the new provider	Low	Every effort will be made to ensure smooth mobilisation arrangements are in place to enable transition from the existing contract to the new awarded provider. A 1-month mobilisation period has been allowed within the proposed timetable to ensure the contract is ready for delivery from the agreed start date of 1 <sup>st</sup> April 2022.
Not all cleaning equipment is available or transferred between the incoming and outgoing contracts	Low	Ensure that all programmed works and services are identified and agreed prior to the start of any contract. Consideration for equipment not being made available as part of the transfer, will be determined and procured via alternative source. Also, to ensure the provider demonstrates capacity to delivery in accordance with the key performance measures as part of the contract management monitoring.
Risk that the project does not deliver with combined services	Low	<p>The specification is outcome focused and the model provides the flexibility to respond swiftly to changing needs and demands.</p> <p>Bidders committed to specific performance levels against key outcomes as part of the tendering process. Delivery against this will be monitored as part of the contract management process.</p> <p>Clear quality standards were stipulated and form part of the contract as well as informing contract monitoring.</p> <p>There are robust contractual mechanisms for varying the terms of the contract, to agree remedial action to address performance issues, and for terminating the contract.</p> <p>Contract extension beyond the initial term, will be dependent on both budget availability and the performance of both providers.</p>

<p>The application process for a security guard to be SIA licensed (Security Industry Authority) is lengthy and has potential risk of such application being refused.</p>	<p>Low</p>	<p>Every effort will be made to ensure smooth mobilisation arrangements from the existing contract to the new awarded provider. A mobilisation period is allowed to mitigate implications, to ensure contract is ready for delivery from the agreed start date.</p> <p>The ITT pack included the requirement for the provider to demonstrate they have the capacity to deliver the Council's requirements and ensure robust business continuity arrangements are in place within the contracts.</p>
<p>The available officer resources to mobilise the new contract with the supplier.</p>	<p>Medium</p>	<p>The same officer resources will be required to mobilise both contracts with the respective suppliers. To smooth the resource demand required for the on-boarding of new contracts/suppliers, the commencement dates have been staggered by 3 weeks.</p>

#### 6.4 Options

Following the outcome of the tender evaluations, Bidder A and G have been demonstrated to be the most economically advantageous tender. Should the Council do nothing and not proceed with this option, this would leave the Council unable to fulfil its obligations as a responsible Employer, and breach Health & Safety at Work Act (HAWA 1974), PCR 2015 and ancillary regulations.

#### 6.5 Future savings/efficiencies

The Council will continue to monitor cleaning and security services provided and will actively work and encourage the new providers to be innovative with new ways of working. Lean business process will be applied to mitigate the need for high volume of invoice transactions. The provision of security related expenditure will be closely monitored ensuring strategic alignment with the respective Service areas commissioning requirements. This has already identified the potential removal of Waking and Watch provision which was originally included within invitation to tender (ITT).

Existing Cleaning and Security contracts have already been reduced to recommended minimum cleaning standards whilst avoiding impacts on health to building users or increased deterioration of building systems (e.g., excessive accumulation of dust in mechanical ventilation systems and ducts where applicable). Only 5 sites have reactive cleaning services which are limited to normal operating hours for treatment of spills/leaks/floods and replenishing consumables. Other sites requiring emergency clearing of leaks/floods will be provided by the in-house Facilities Operations team when.

Future savings of cleaning and security services for buildings identified for disposal as part of the Medium Term Financial Strategy (MTFS) have been captured within overall estate savings, these services can be removed from the contract as part of normal Contract Change Notices (CCNs).

Possible savings that maybe considered in the future would be to reduce frequency of services, such as extending cleaning reduced from daily to once/twice weekly, or weekly to once/twice monthly. It is not currently recommended due to existing complaint levels received from public and staff of building cleansing standards or security provision, where services are being delivered by the relevant provider in accordance with specification.

Approved by: Matthew Davis, Department Head(s) of Finance/nominated deputy(ies)

## **7. COMMENTS OF THE COUNCIL SOLICITOR AND MONITORING OFFICER**

- 7.1 The Council is under a general Duty of Best Value to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency, and effectiveness (Section 3 of the Local Government Act 1999 (as amended by s137 of the Local Government & Public Involvement in Health Act 2007).
- 7.2 The Cabinet is empowered to make the decision in accordance with the recommendations pursuant to the Tenders and Contracts Regulations, which form part of the Council's Constitution.
- 7.3 Approved by Kiri Bailey, Interim Head of Commercial and Property Law on behalf of the Interim Director of Legal Services

## **8. HUMAN RESOURCES IMPACT**

- 8.1 TUPE will apply to the contracts and the existing incumbent providers have been contacted to collate the necessary information which will form part of the contract documents. The application of TUPE will be determined by the incumbent and any new service provider, for which the Council is the client. On that basis, the role of the Council would usually extend no further than facilitating the process, and the project team will seek advice and support from the Council's HR team.

The timetable for the project includes a 1-month mobilisation period between award and start of the contracts to enable smooth and compliant transition arrangements.

Any HR issues which arise will be managed under the Council's Policies and Procedures.

- 8.2 (Approved by: *Jennifer Sankar, Head of HR for Sustainable Communities, Regeneration and Economic Recovery Directorate and Housing Directorate* on behalf of the Director of Human Resources)

## **9. EQUALITIES IMPACT**

- 9.1 An equality impact assessment has been undertaken and the proposed change relevant to equality is unlikely to impact on groups that share one or more protected characteristics.
- 9.2 The contract terms and conditions include the obligation for the successful provider to comply with the Equality Act 2010. This will also include the commitment to support the Council with delivering its public sector equality duties as well as reporting on any equalities requirements as stipulated in the contract.
- 9.3 The supplier currently collates data in relation to equality characteristics. It is recommended that the supplier adopt the Council standard for data collection which incorporates the provisions of Equality Act 2010, to ensure that the impact of equality on future proposals can be identified.
- 9.4 The change ensures that the employees who work on the contract will now receive the London Living Wage, thus supporting our Council priority of to tackle ingrained inequality and poverty in the borough.

## **10. ENVIRONMENTAL IMPACT**

- 10.1 The appointed providers have demonstrated their approach to applying environmental considerations. There will be an obligation to support the Council's commitment to make the borough more sustainable and Carbon neutral by 2030.

## **11. CRIME AND DISORDER REDUCTION IMPACT**

- 11.1 The security service contract will protect vulnerable residents and staff occupying the Council buildings. There are no crime and disorder reduction impacts from the award of the corporate cleaning and security contract.

## **12. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION**

- 12.1 The reason for the recommendation to award the corporate cleaning and security contract to a single provider for each Lot 1 and 2.

## **13. OPTIONS CONSIDERED AND REJECTED**

- 13.1 In addition to the options detailed Part A sections 6.4 and 6.5, further options considered and rejected were: -

- Removal of the London Living Wage (LLW) applied index of the contracts

When first reviewed in Q1 2021/22 there was a potential to reduce cost of the contracts by changing to National Living Wage (NLW) or no labour index which defaults to the National Minimum Wage (NMW). This was further reviewed in Q2 and Q3 which noted demand generated from industries re-opening after COVID lockdowns had impacted business with low remuneration packages as staff retention became challenging. Retention has also made operability challenging for businesses that have been affected. Croydon's existing providers have maintained high levels of staff retention which has delivered a reliable service to residents of Croydon. Noting the market challenges which risk deliverability and that LLW was included within the ITT, this would not be changed at contract commencement. This may be reviewed during the life of the new contract.

- Further reduction of cleaning or security services

Reductions to both cleaning and security were already included within the ITT to reflect the in-contract reductions applied to existing contracts and budgets. These are included within the contract awards proposed within this report. Whilst COVID has a fundamental impact on the demands of cleaning and security services, further reductions were not advisable. The flexibility of the contracts proposed to be awarded in this report allow reduction of services to be considered.

## **14. DATA PROTECTION IMPLICATIONS**

**14.1 WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF ‘PERSONAL DATA’?**

Yes, in accordance with Transfer of Undertakings (Protection of Employment) (TUPE). The personal data is only held by the relevant existing service provider and employee liability information (ELI) will only be processed directly between existing service provider and new service provider. The proposed contract award for security services will make provision for processing personal data as part of the delivery in accordance with SIA (Security Industry Authority), General Data Protection Regulations (GDPR) and the Data Protection Act (DPA 2018). The proposed contract award for cleaning services has not identified processing of personal data.

In accordance with the ITT, all Cleaning and Security tenders received have confirmed that human and technical resources to perform the contract to ensure compliance with the General Data Protection Regulation and to ensure the protection of the rights of data subjects.

**14.2 HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?**

Yes.

The Interim Director of Commercial Investment and Capital comments that there are no additional data protection implications arising directly from the report.

Approved by: Peter Mitchell

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**CONTACT OFFICER:**

<b>Name:</b>	Dean Myles
<b>Post title:</b>	Principal Facilities Manager
<b>Telephone number:</b>	020 8726 6000

**BACKGROUND PAPERS**

Appendix A – Corporate Cleaning and Security Procurement Strategy  
(<https://democracy.croydon.gov.uk/documents/s27816/Corporate%20Cleaning%20Security.pdf>)

Appendix B – Equalities Impact Assessment for Corporate Cleaning and Security Contracts (included with report)

For executive decision making it is a requirement that all Part A (open) reports & Part B reports (closed) must list and provide an electronic and a printed copy of all background reference.

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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**For General Release**

<b>DELEGATED DECISION REPORT TO :</b>	<b>Cllr Callton Young, Cabinet Member for Resources and Financial Governance</b>
<b>SUBJECT:</b>	<b>Property Disposals as part of the Interim Asset Disposal Strategy</b>
<b>LEAD OFFICER:</b>	<b>Richard Ennis, Interim Corporate Director Resources and S151 Officer</b>
<b>CABINET MEMBER:</b>	<b>Cllr Stuart King Deputy Leader and Cabinet Member for Croydon Renewal  Cllr Callton Young Cabinet Member for Resources and Financial Governance</b>
<b>WARDS:</b>	<b>Various</b>
<b>COUNCIL PRIORITIES</b>	
Croydon Renewal Plan – the recommendations in this report are in line with the new corporate priorities and new way for renewing Croydon  Medium Term Financial Strategy	
<b>FINANCIAL IMPACT</b>	
This paper is seeking approval for the disposal of two Council assets in line with the Interim Asset Disposal Strategy. The proposal will deliver further capital receipts. The disposals are part of the wider disposal strategy and will significantly contribute towards the assets disposal target in the MTFs.  All disposal costs, including a contribution towards officer time will be paid for out of capital receipts in line with the current financial guidelines which allow up to 4% of the capital receipt to be allocated against reasonable revenue costs in achieving the sales.	
<b>FORWARD PLAN KEY DECISION REFERENCE NO.: Goldcrest (3521RFG), Former Buffer Bear Nursery Site (3221RFG)</b> The notice of the decision will specify that the decision may not be implemented until after 13.00 hours on the 6th working day following the day on which the decision was taken unless referred to the Scrutiny and Overview Committee.	
The Leader of the Council has delegated to the Cabinet Member for Resources and Financial Governance the power to make the decisions set out in the recommendations below	
<b>1. RECOMMENDATIONS</b>	
Cabinet Member for Resources and Financial Governance in consultation with the Leader agrees the following:	
1.1 Approve the disposal of the former Goldcrest Youth Centre	
1.2 Approve the disposal of the former Buffer Bear Nursery site	

1.3 Approval to a downward price variation of up to a maximum of 10% for each disposal without having to refer the matter back to Cabinet to allow for some minor value changes during the disposal process as further due diligence is undertaken. Any variation in price would be subject to approval of the Interim Corporate Director Resources and s151 Officer

On the basis of the terms set out in Part A and Part B of this report

## **2. EXECUTIVE SUMMARY**

- 2.1 This Interim Disposal Strategy has been developed to support the requirements of the Croydon Renewal Plan and Medium Term Financial Strategy [MTFS] and sets out the guidance and governance necessary to allow the disposal of surplus Council assets. The strategy was approved and adopted by Cabinet in February 2021.
- 2.2 The properties included within this report have been identified as surplus within the context of the disposal strategy and were included in the initial 2021/22 tranche within the Strategy.
- 2.3 The above proposals have followed the governance process as set out within the strategy and has been approved by Sustainable Communities, Regeneration and Economic Recovery DLT and CMT.
- 2.4 The approved business cases are attached as a background paper in the Part B report

## **3. BACKGROUND**

- 3.1 Given the significant financial challenges faced by the Council, it is important to ensure that the best outcome is achieved from any disposal and this includes
- Holding cost of any surplus assets if to be retained for longer term use or sale
  - Running costs for under-utilised assets and how these can be reduced
  - Service requirements across the Council to ensure an asset is not being sold off if it could provide a cost effective solution for another service area
  - Achieving “Best Consideration” – would delaying a disposal be more beneficial
  - Loss of revenue from any income producing assets
  - Impact on the local area from holding assets empty for prolonged periods or the additional benefit from regeneration
  - Reputational issues from having vacant assets
- 3.2 The disposals included within this report fall within the following categories :
- Surplus assets released by service area

- Vacant Properties both General Fund and HRA

3.3 It has been recommended that a variance of up to 10% on the initial agreed purchase price is permitted before any disposal needs to be referred back to Cabinet. For many of the smaller disposals, the parties making the offers may not carry out as much due diligence around the legal title or site limitations as for larger sites where bidders have access to better professional advice. It may therefore be the case that matters become apparent during the legal process that could impact on the value of the site. On the basis that such conditions are likely to impact the general value of the site it is considered realistic to look at the financial impact and agree a lower figure as may be necessary. Such a reduction will only be considered where it impacts the general value of the asset rather than for the specific user unless even with any agreed reduction the preferred bidder still clearly offers the best option in terms of securing best consideration for the asset disposal and would therefore not be in breach of the requirements of s123 of the Local Government Act 1972

#### **4. DETAIL**

- 4.1 SHW were selected to market all the smaller disposal sites following a tender exercise run through the Buying Team. An initial marketing report was received for each site with a recommendation as to the best marketing option and approach. All assets are initially being considered for sale on an unconditional basis.
- 4.2 Where assets have less straightforward use or development options such as the former nursery site, further advice has been obtained from the planners to provide some guidance to prospective purchasers as to what may be possible to try and maximise value. If offers received suggest a much higher value if planning is secured, consideration for delayed completion or a conditional sale may be more appropriate than an unconditional sale.
- 4.3 All properties have been independently valued and fully marketed to be able to demonstrate that best consideration has been achieved through this process. The individual business cases are appended to the Part B report together with the independent valuations. Part of the marketing process has involved direct mailing of details to the main umbrella VCS groups including the CVA, Asian Women's Group, BME Forum and CNCA but no offers have been received through any of these groups.
- 4.4 As part of the decision to market the assets now, consideration has been given as to whether this is the correct time to sell them in order to obtain best value. Whilst it is clear that the sale of assets is required to help meet the demands of the Council's current financial requirements to support the MTFs and under the capitalisation directive, it must be demonstrated that this will not impact on obtaining best consideration for them.
- 4.5 Detailed consideration has therefore been given to the current market conditions for both residential development and disposals within the Community use sector. In respect of residential sites, the demand for good development opportunities remains high as house prices and rental levels within the private

sector have continued to grow. Over the next five years the average house prices are expected to increase by 21.6% although the increases are predicted to tail off over years 3-5, especially within the south east, with the highest increases being predicted for this year.

- 4.6 The market is also witnessing large increases in building material and labour costs as a result of shortage of supply due to the impact of the Pandemic and Brexit and an increase in demand. Material prices rose by 5.6% in the year to Q1 2021 and are forecast to increase by 7.2% in the year to Q2 2021, according to BCIS Materials Cost Index. Despite the current strength of the residential market, cost inflation will continue to impact the sector, especially as increasing costs to meet building regulations under the Future Homes Standard come into effect from 2022 and pressures on better design are introduced under the National Model Design Code.
- 4.7 Given the combined impact of the increase in residential values being offset by the considerable increase in build costs and tender prices it is considered unlikely that any significant change in overall market values for residential developments will occur over the next few years.
- 4.8 The marketing of the community assets has demonstrated that there is a very keen interest in such opportunities within the community, and in particular the faith sector for larger venues as these are generally in short supply. This sector of the market is likely to be less influenced by wider market activity as it is more demand driven.
- 4.9 Based on the above it is considered that a disposal at this time will not unduly undervalue the assets and will have the additional benefit of delivering new uses to help improve and support local communities and deliver savings in the Council's holding costs for the assets.

## **5. ASSET DISPOSALS**

### **5.1 Goldcrest Youth Centre**

- 5.1.1 Until the start of the Pandemic this was an operational asset with two regular hirers. However, over this period the premises have been shut down and are currently not being utilised. With the completion of the new Fieldway Centre (approximately 1.2km away) it was always proposed that the Council based youth operations would be run out of the new premises where there is a dedicated youth services area. The two previous hirers have also been encouraged to hire space within the new facility once they return to full operation. Both have now fully vacated the premises and returned their keys and are aware that the site will no longer be available.
- 5.1.2 The asset has not been previously declared surplus as it was operational. However, part of the decision to build the new centre was to allow the rationalisation of the existing community assets within the area. Closure of the facility ready for disposal was agreed at CFE DLT on 19 January 2021. CMT also agreed to its inclusion with the initial Interim Disposal Strategy

disposals list for 2021/22 which was agreed by Cabinet in February 2021.

- 5.1.3 The property is located on a substantial corner site and is predominantly a purpose built youth building with two halls, kitchen lounge area and separate offices. There is limited parking but potential for additional spaces to be created. In total the site is approximately 0.2ha. The building is dated with a large shallow pitched and felted roof. The current use falls within class F2 (Local Community Use) which is likely to limit potential development opportunities unless it can be proved that there is no viable community demand.
- 5.1.4 SHW commenced the marketing of the site through their mailing list of residential developers and F1 use occupiers, together with any direct contacts that had been made to the Council, on the 22nd September 2021 and subsequently resent the particulars on the 6th October 2021 together with notification of the tender deadline date. 10 parties viewed and downloaded the documents within the data room, and 3 viewing dates were set up at the property which were attended by 8 parties. Best bids were received on the 20<sup>th</sup> October 2021. The 3 highest offers have been detailed within Part B of this report.
- 5.1.5 The marketing process has involved direct mailing of the main umbrella VCS groups including the CVA, Asian Women's Group, BME Forum and CNCA but no offers have been received through any of these groups.
- 5.1.6 As a result of this process, the top 3 bids have all been received from community faith organisations and as all 3 bids are very similar, consideration has been given as to the wider benefits that each group could provide to the local community. Local ward councillors and representatives from residents groups have therefore been provided with the proposals that have been submitted by each bidder to assist with this process.

## **5.2 Former Buffer Bear Nursery site**

- 5.2.1 The site is situated within an established residential area and was last used as a children's day nursery but that use ceased about 10 years ago and the building was demolished in 2019 due to its poor state of repair and ongoing anti-social behavior experienced on site. At present the site only has pedestrian access between 2 residential properties.
- 5.2.2 The site comprises of a generally sloping triangular plot of approximately 0.15ha. The site currently has a pedestrian only access between existing residential properties but agreement has been reached with the Housing team to create a vehicular access from Matthews Crescent. This will involve the loss of 2 parking spaces but this is not considered a problem as there is no parking stress in the immediate area which is characterized by small bungalows occupied by older residents which have not been subject to right to buy.
- 5.2.3 Given the previous community use for the site, formal planning advice has been obtained and made available as part of the marketing process to help try and secure the best possible bids. As the potential use/development of this site is a little more uncertain than some of the other sites that have been marketed, both

conditional and unconditional bids have been requested. Following the formal marketing process, all bids received have been on a conditional or delayed completion basis. Whilst a conditional bid offers greater risk, for this site it has resulted in much higher offers having been received than anticipated and therefore proceeding on this basis is recommended.

5.2.4 The marketing for the site was commenced by SHW through the distribution of property details to their mailing list of residential developers and key community groups on the 8th September 2021, 27th September 2021 and 30th November 2021. A mail out was subsequently resent on the 16th December 2021 and 5th January 2022 to advertise the tender deadline date. Eleven parties viewed and downloaded the documents within the data room. Final offers were invited by 12pm Monday 10th January 2022 and four offers were received.

## 6. CONSULTATION

6.1 External consultation has taken place in respect of the Goldcrest site through meetings with the local ward councilors and local residents groups to try and consider fully the potential benefits that each of the bidders may offer the local community.

6.2 Ward councilors have been informed of the intention to dispose of these assets. Consultation has taken place with the Council’s senior leadership team and Cabinet Members.

## 7. PRE-DECISION SCRUTINY

7.1 The proposed disposals have not been presented to Scrutiny but recommendations made from previous scrutiny reports in respect of disposals have been incorporated where appropriate

## 8. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

### 8.1 Revenue and Capital consequences of report recommendations

Savings and Capital Receipts Included within the MTFS Budgets

Capital receipts generated from asset disposals (£000)

	21/22	22/23	23/24
Capital receipts	£4,230	£19,994	£5,988

Given the significant financial challenges faced by the Council, the disposal of surplus corporate assets is vital to ensure an improvement in its financial position, secure value for money and achieve financial savings by considering the net costs/benefits of holding surplus assets versus sale or letting of the assets.

We are required to pay for the costs of the capitalisation directions out of



revenue budgets over a twenty year period, which on a straight line basis would cost 5% per year. In addition interest on those borrowings from the PWLB is at a 1% premium – at current rates this costs this would add 2.9%. Overall this would equate to £790k per £10m borrowed. By generating capital receipts, borrowing to support the capitalisation direction can be avoided and thus prevent pressures on revenue budgets.

There has been no additional capital expenditure involved with these disposals as the service relocations had already taken place. The running costs of these properties i.e. business rates, premises costs (cleaning, security, utilities etc) will further benefit the Council

The decision to dispose of an asset will consider the need to receive the benefits now, against a possible delayed sale when the financial benefit may be greater but less certain as usually this is dependent on obtaining suitable planning consent. This has been considered in respect of these disposals and it is not considered that a disposal of the assets at this time will significantly impact value

## **8.2 Risks**

Disposal of properties in the corporate portfolio in the current economic climate gives rise to risks and uncertainties around achieving the best possible sale price. The capital receipts in the table above reflects an element of prudence and conservatism in the receipts of disposal and its timing. However, it must be emphasised that these asset values are subject to detailed market valuations and market conditions prevailing at the time of sale.

The marketing exercise has generally demonstrated that there is still very good demand for this type of asset from both developers and community organisations and the values achieved have exceeded the valuations in all cases. This would suggest that the disposal of these assets at this point in time has secured best consideration.

## **8.3 Future savings/efficiencies**

The savings highlighted in the table above reflects an estimate of sales proceeds/capital receipts arising from disposal of corporate properties and savings in borrowing costs i.e. interest and minimum revenue provision on the general fund budgets.

Approved by Matt Davis Interim Deputy s151 Officer

## **9. LEGAL CONSIDERATIONS**

- 9.1 The Interim Head of Commercial and Property Law comments on behalf of the Interim Director of Legal Services that, as set out earlier in this report, when disposing of land the Council has a statutory duty under section 123 of the Local Government Act 1972 (or section 233 of the Town and Country Planning Act 1990 where the land has been appropriated for planning purposes) to ensure that it obtains best consideration for the land and buildings disposed of and provisions of section 87-89 of the Localism Act 2011. In certain

exceptional cases a disposal for less than best consideration is permitted where the difference in the value between the proposed disposal and the best consideration that might be obtainable on the market is less than £2M or, in other cases, with a specific consent from the Secretary of State. The processes set out in this report in relation to the Interim Disposal Strategy seek to ensure that best consideration is obtained in relation to proposed disposals. If and where disposals are proposed to proceed for less than best consideration (e.g. to secure wider community benefits) it is recommended that officers seek detailed legal advice in relation to any potential 'Subsidy Control' issues (the Subsidy Control regime replaces the State Aid regulations).

- 9.2 Land should only be disposed of by a local authority where it is considered to be surplus to the Council's requirements. The process set out in the Interim Disposal Strategy seeks to ensure that consideration is given as to potential other Council uses of land before it is recommended for disposal.

Kiri Bailey, Interim Head of Commercial and Property Law on behalf of the Interim Director of Legal Services

## 10. HUMAN RESOURCES IMPACT

- 10.1 The proposed disposal is for a vacant property and therefore has no direct impact on staffing levels, restructuring or recruitment.

Approved by: Gillian Bevan Head of HR Resources

## 11. EQUALITIES IMPACT

- 11.1 Under the Equality Act 2010 the Council has an obligation to protect **people against discrimination, harassment or victimisation in employment**, and as users of private and public services based on nine protected characteristics: The proposed disposal comprises of vacant land and buildings or assets that have been vacated by services and declared surplus and therefore the disposal will not have a direct impact individual's rights. Although the disposal of Goldcrest removes a facility for the provision of youth and wider community activities in one of the boroughs key areas of need, this has been mitigated by the provision of the new Fieldway Centre which offers more modern and accessible accommodation. This is proving to be popular with a good range of activities currently being run from the new centre. The disposal of the former nursery site is not considered to impact on individuals as the property has not been operational for 10 years. The proposed redevelopment of the site will enhance the local area and, potentially provide better facilities for people with protected characteristics through, for example new adapted housing or additional affordable homes.
- 11.2 An equalities impact assessment has been undertaken for these asset disposals collectively, and the action being taken to offset the impact on affected protected groups is noted.

Approved by: Denise McCausland Equality Programme Manager

## **12. ENVIRONMENTAL IMPACT**

- 12.1 The proposed disposals do not have any direct environmental impact. Any development that may take place on the disposed sites will have to be in full compliance with current planning, building and environmental legislation.

## **13. CRIME AND DISORDER REDUCTION IMPACT**

- 13.1 The disposal of the vacant site and redundant buildings will help to improve antisocial behavior and crime that has been evident around this site as it will become an active site.

## **14. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION**

- 14.1 The assets are all surplus to current Council requirements and if retained are therefore likely to remain vacant which will lead to increased revenue pressures to ensure they are properly secured and through the payment of Business Rates as they will only be eligible for a 3 month rate free period.
- 14.2 Holding vacant assets also has a detrimental impact on the surrounding area and can become a magnet for antisocial behaviour and fly-tipping as has been the case with the former Buffer Bear nursery site. Consideration has been given to letting rather than disposing of Goldcrest but this is likely to deliver fairly modest levels of rental income and therefore this is not an attractive option.
- 14.3 The disposals will help to secure a significant capital contribution and annual revenue saving and will be helping to meet the requirements set out in the MTFS.
- 14.4 In addition to the financial benefits the disposals will help to deliver wider social benefits through potentially delivering new housing and community assets within the local areas.

## **15. OPTIONS CONSIDERED AND REJECTED**

- 15.1 The disposal of these assets is in line with the process set out in the Interim Property Strategy and the sites have already been included within the proposed disposal lists for 2021/22. They are all surplus as no alternative Council use has been identified and therefore disposal is the best option. Failure to do so would not help the Council to address the immediate financial position and the requirements of the MTFS.
- 15.2 The only other options are to either let the properties to generate income or look to sell in the future or hold the asset and try and gain planning consent for a more beneficial use. In respect of the former it is not considered that this will not maximise their value. Regarding the option to try and gain a higher value through obtaining planning consent for an alternative use, this is being reflected

in the decision for the Buffer Bear site through accepting delayed completion to obtain a higher value from the bidder. The level of offers that have been received have both exceeded the Red Book valuations which supports the belief that additional value for any alternative uses has already been factored in to the offers.

15.3 The disposal of both sites is therefore recommended

## **16. DATA PROTECTION IMPLICATIONS**

### **16.1 WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?**

NO

### **16.2 HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?**

NO

Approved by: Steve Wingrave Head of Asset Management and Estates

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**CONTACT OFFICER:** Steve Wingrave  
Head of Asset Management and Estates ext 61512.

**APPENDICES TO THIS REPORT:** Equalities assessment

**BACKGROUND DOCUMENTS:** Location Plans for:

- Goldcrest Youth and Community Centre
- Former Buffer Bear Nursery site
- Interim Disposal Strategy

## 1. Introduction

### 1.1 Purpose of Equality Analysis

The council has an important role in creating a fair society through the services we provide, the people we employ and the money we spend. Equality is integral to everything the council does. We are committed to making Croydon a stronger, fairer borough where no community or individual is held back.

Undertaking an Equality Analysis helps to determine whether a proposed change will have a positive, negative, or no impact on groups that share a protected characteristic. Conclusions drawn from Equality Analyses helps us to better understand the needs of all our communities, enable us to target services and budgets more effectively and also helps us to comply with the Equality Act 2010.

An equality analysis must be completed as early as possible during the planning stages of any proposed change to ensure information gained from the process is incorporated in any decisions made.

In practice, the term '**proposed change**' broadly covers the following:-

- Policies, strategies and plans;
- Projects and programmes;
- Commissioning (including re-commissioning and de-commissioning);
- Service review;
- Budget allocation/analysis;
- Staff restructures (including outsourcing);
- Business transformation programmes;
- Organisational change programmes;
- Processes (for example thresholds, eligibility, entitlements, and access criteria).

## 2. Proposed change

<b>Directorate</b>	<b>Resources</b>
<b>Title of proposed change</b>	<b>Property Disposals as part of the Interim Asset Disposal Strategy</b>
<b>Name of Officer carrying out Equality Analysis</b>	<b>Steve Wingrave</b>

## 2.1 Purpose of proposed change (see 1.1 above for examples of proposed changes)

The Council is proposing to dispose of a number of assets as part of the Interim Disposal Strategy to help generate capital receipts in line with the MTFS requirements and enable the Council to continue to deliver its key services.

## 3. Impact of the proposed change

**Important Note:** It is necessary to determine how each of the protected groups could be impacted by the proposed change. If there is insufficient information or evidence to reach a decision you will need to gather appropriate quantitative and qualitative information from a range of sources e.g. Croydon Observatory a useful source of information such as Borough Strategies and Plans, Borough and Ward Profiles, Joint Strategic Health Needs Assessments <http://www.croydonobservatory.org/>. Other sources include performance monitoring reports, complaints, survey data, audit reports, inspection reports, national research and feedback gained through engagement with service users, voluntary and community organisations and contractors.

### 3.1 Additional information needed to determine impact of proposed change

**Table 1 – Additional information needed to determine impact of proposed change**

If you need to undertake further research and data gathering to help determine the likely impact of the proposed change, outline the information needed in this table.

Additional information needed	Information source	Date for completion
<p>The proposed disposal comprises of vacant land and buildings or assets that have been vacated by services and declared surplus and therefore the disposal will not have a direct impact individual's rights. Although the disposal of Goldcrest removes a facility for the provision of youth and wider community activities in one of the boroughs key areas of need, this has been mitigated by the provision of the new Fieldway Centre which offers more modern and accessible accommodation. This is proving to be popular with a good range of activities currently being run from the new centre. The disposal of the property will also be to a faith group who will provide additional support to the local community and from details provided by potential purchasers this is likely to support both young children and families as well as the elderly.</p> <p>The disposal of the former Buffer Bear site is not considered to impact on any protected characteristics groups as the building has been closed for about 10 years and was demolished in 2019. Prior to the demolition of the</p>	<p><b>Asset Management/CMT</b></p>	<p><b>November 2021</b></p>

<p>building various groups were given the opportunity to take over the building but, due to the condition and poor access, this was not taken forward. However, an alternative provision was set up in a disused parks building and this now provides a new dance and community facility in the local area.</p>		

For guidance and support with consultation and engagement visit <https://intranet.croydon.gov.uk/working-croydon/communications/consultation-and-engagement/starting-engagement-or-consultation>

### 3.2 Deciding whether the potential impact is positive or negative

**Table 2 – Positive/Negative impact**

<p>For each protected characteristic group show whether the impact of the proposed change on service users and/or staff is positive or negative by briefly outlining the nature of the impact in the appropriate column. . If it is decided that analysis is not relevant to some groups, this should be recorded and explained. In all circumstances you should list the source of the evidence used to make this judgment where possible.</p>			
Protected characteristic group(s)	Positive impact	Negative impact	Source of evidence
Age	<p>The proposed change will not impact any protected characteristic group as the main provision for youth services will continue from alternative premises as detailed above. The former nursery building had been unused for around 10 years and subsequently demolished.</p>	None	<p><b>Through the additional details provided by the purchasers and subsequent consultation which have included a detailed consideration of what community support will be provided</b></p>
Disability	<p>The proposed change will not impact any protected characteristic group as the services</p>	None	As above

	are continuing from alternative premises as detailed above.		
Gender	The proposed change will not impact any protected characteristic group as the services are continuing from alternative premises as detailed above.	<b>None</b>	<b>As above.</b>
Gender Reassignment	The proposed change will not impact any protected characteristic group as the services are continuing from alternative premises as detailed above.	<b>None</b>	<b>As above.</b>
Marriage or Civil Partnership	The proposed change will not impact any protected characteristic group as the services are continuing from alternative premises as detailed above.	<b>None</b>	<b>As above.</b>
Religion or belief	The proposed change will not impact any protected characteristic group as the services are continuing from alternative premises as detailed above. The disposal will also be to a faith group and therefore in some cases the provision of faith facilities will be strengthened	<b>None</b>	<b>Disposal offers which have included a detailed consideration of what community support will be provided</b>
Race	The proposed change will not impact any protected characteristic group as the services are continuing from alternative premises as detailed above.	<b>None</b>	<b>As above.</b>
Sexual Orientation	The proposed change will not impact any protected characteristic group as the services are continuing from alternative premises as detailed above.	<b>None</b>	<b>As above.</b>
Pregnancy or Maternity	The proposed change will not impact any protected characteristic group as the services are continuing from alternative premises as detailed above.	<b>None</b>	<b>As above.</b>

**Important note:** You must act to eliminate any potential negative impact which, if it occurred would breach the Equality Act 2010. In some situations this could mean abandoning your proposed change as you may not be able to take action to mitigate all negative impacts.

When you act to reduce any negative impact or maximise any positive impact, you must ensure that this does not create a negative impact on service users and/or staff belonging to groups that share protected characteristics.



### 3.3 Impact scores

Example

If we are going to reduce parking provision in a particular location, officers will need to assess the equality impact as follows;

1. Determine the Likelihood of impact. You can do this by using the key in table 5 as a guide, for the purpose of this example, the likelihood of impact score is 2 (likely to impact)
2. Determine the Severity of impact. You can do this by using the key in table 5 as a guide, for the purpose of this example, the Severity of impact score is also 2 (likely to impact )
3. Calculate the equality impact score using table 4 below and the formula **Likelihood x Severity** and record it in table 5, for the purpose of this example - **Likelihood (2) x Severity (2) = 4**

Table 4 – Equality Impact Score

<b>Severity of Impact</b>	3	3	6	9
	2	2	4	6
	1	1	2	3
		1	2	3
	<b>Likelihood of Impact</b>			

**Key**

Risk Index	Risk Magnitude
6 – 9	High
3 – 5	Medium
1 – 3	Low

**Table 5 – Impact scores**

<p><b>Column 1</b></p> <p><b>PROTECTED GROUP</b></p>	<p><b>Column 2</b></p> <p><b>LIKELIHOOD OF IMPACT SCORE</b></p> <p>Use the key below to <b>score</b> the <b>likelihood</b> of the proposed change impacting each of the protected groups, by inserting either 1, 2, or 3 against each protected group.</p> <p><b>1 = Unlikely to impact</b> <b>2 = Likely to impact</b> <b>3 = Certain to impact</b></p>	<p><b>Column 3</b></p> <p><b>SEVERITY OF IMPACT SCORE</b></p> <p>Use the key below to <b>score</b> the <b>severity</b> of impact of the proposed change on each of the protected groups, by inserting either 1, 2, or 3 against each protected group.</p> <p><b>1 = Unlikely to impact</b> <b>2 = Likely to impact</b> <b>3 = Certain to impact</b></p>	<p><b>Column 4</b></p> <p><b>EQUALITY IMPACT SCORE</b></p> <p>Calculate the <b>equality impact score</b> for each protected group by multiplying scores in column 2 by scores in column 3. Enter the results below against each protected group.</p> <p><b>Equality impact score = likelihood of impact score x severity of impact score.</b></p>
Age	1	1	1
Disability	1	1	1
Gender	1	1	1
Gender reassignment	1	1	1
Marriage / Civil Partnership	1	1	1
Race	1	1	1
Religion or belief	1	2	<b>2 (in a positive way through use of Goldcrest by faith organisations)</b>
Sexual Orientation	1	1	1
Pregnancy or Maternity	1	1	1

## 4. Statutory duties

### 4.1 Public Sector Duties

Tick the relevant box(es) to indicate whether the proposed change will adversely impact the Council’s ability to meet any of the Public Sector Duties in the Equality Act 2010 set out below.

Advancing equality of opportunity between people who belong to protected groups

Eliminating unlawful discrimination, harassment and victimisation

Fostering good relations between people who belong to protected characteristic groups

**Important note:** If the proposed change adversely impacts the Council’s ability to meet any of the Public Sector Duties set out above, mitigating actions must be outlined in the Action Plan in section 5 below.

Page 197

## 5. Action Plan to mitigate negative impacts of proposed change

**Table 5 – Action Plan to mitigate negative impacts**

Complete this table to show any negative impacts identified for service users and/or staff from protected groups, and planned actions mitigate them.

Protected characteristic	Negative impact	Mitigating action(s)	Action owner	Date for completion
Disability	No Negative Impact			
Race	No Negative Impact			
Sex (gender)	No Negative Impact			
Gender reassignment	No Negative Impact			
Sexual orientation	No Negative Impact			
Age	No Negative Impact			
Religion or belief	No Negative Impact			

# Equality Analysis

Pregnancy or maternity	<b>No Negative Impact</b>			
Marriage/civil partnership	<b>No Negative Impact</b>			

## 6. Decision on the proposed change

Based on the information outlined in this Equality Analysis enter **X** in column 3 (**Conclusion**) alongside the relevant statement to show your conclusion.

Decision	Definition	Conclusion - Mark 'X' below
No major change	<p>Our analysis demonstrates that the policy is robust. The evidence shows no potential for discrimination and we have taken all opportunities to advance equality and foster good relations, subject to continuing monitoring and review. <b>If you reach this conclusion, state your reasons and briefly outline the evidence used to support your decision.</b></p> <p>The proposed disposal will not significantly change the current provision and delivery of services. Although the sale of Goldcrest will reduce the available sites for youth provision, the new facility at Fieldway centre with a dedicated youth area plus the continued use of the site as a community facility will help mitigate the impact. The sale to one of the faith groups will help strengthen the faith based element in the local area as well as the wider community support that these groups have proposed to provide. The sale of the former nursery will have no impact as it has been unused for 10 years and was demolished in 2019</p>	x
Adjust the proposed change	<p>We will take steps to lessen the impact of the proposed change should it adversely impact the Council's ability to meet any of the Public Sector Duties set out under section 4 above, remove barriers or better promote equality. We are going to take action to ensure these opportunities are realised. <b>If you reach this conclusion, you must outline the actions you will take in Action Plan in section 5 of the Equality Analysis form</b></p>	
Continue the proposed change	<p>We will adopt or continue with the change, despite potential for adverse impact or opportunities to lessen the impact of discrimination, harassment or victimisation and better advance equality and foster good relations between groups through the change. However, we are not planning to implement them as we are satisfied that our project will not lead to unlawful discrimination and there are justifiable reasons to continue as planned. <b>If you reach this conclusion, you should clearly set out the justifications for doing this and it must be in line with the duty to have due regard and how you reached this decision.</b></p>	
Stop or amend the	<p>Our change would have adverse effects on one or more protected groups that are not justified and cannot be mitigated. Our proposed change must be stopped or amended.</p>	

## Equality Analysis

proposed change		
Will this decision be considered at a scheduled meeting? e.g. Contracts and Commissioning Board (CCB) / Cabinet <b>Yes.</b>		Meeting title: Cabinet Date: <b>21 February 2022</b>

### 7. Sign-Off

Officers that must approve this decision		
Equality lead	<b>Name: Denise McCausland</b>	<b>Date: 9 February 2022</b>
	<b>Position: On behalf of Director for Policy &amp; Partnerships</b>	
Director	<b>Name: Peter Mitchell</b>	<b>Date: 9 February 2022</b>
	<b>Position: Interim Director of Commercial Investment and Capital</b>	

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## APPENDIX 1

### Interim Asset Disposal Strategy

#### 1. General Overview

This Strategy provides an initial draft for the proposed Disposal Strategy which will be formally adopted by the Council to ensure that the best use of its assets. This strategy, in combination with a new **Corporate Asset Management Plan** [to be launched in 2021/22 financial year] and will complement the Capital Plan and Medium Term Financial Strategy [MTFS].

It is clear that the Council is in a need of a formal approach to the management of assets and in particular their disposal where they have been identified as either surplus or no longer key to the delivery of services. This must be done in a structured and controlled manner to ensure that any disposal of assets does not cause longer term operational difficulties or fail to achieve the best return for the Council.

This strategy will allow the Council to consider and approve selective disposals, in advance of the adoption of the Corporate Asset Management Plan.

#### 2. Wider policy considerations

Given the significant financial challenges faced by Councils it is important to ensure that the best outcome is achieved from any disposal and this will need to consider:

- Holding cost of any surplus assets if to be retained for longer term use or sale
- Running costs for under-utilised assets and how these can be reduced
- Service requirements across the Council to ensure an asset is not being sold off if it could provide a cost effective solution for another service area
- Achieving “Best Consideration” – would delaying a disposal be more beneficial
- Loss of revenue from any income producing assets
- Impact on the local area from holding assets empty for prolonged periods or benefit from regeneration
- Reputational issues from having vacant assets

#### 3. Governance requirements of this strategy

The Council recognises that good governance is a key component of this strategy, so it is essential that all decisions to dispose of an asset must be subject to a full **business case report** that will include a minimum set of requirements, including:

The business case report for every disposal will include

- a. A business case summary template [to follow]

- b. The financial case for a disposal
- c. Proposed timing of the disposal
- d. Method of disposal
- e. Impact[s] risks of the disposal – financial, reputational, political, operational, etc.
- f. Evidence of an independent valuation to show that **best consideration** is guaranteed
- g. A market assessment by a suitably qualified agent
- h. Disposal options
- i. Sign off [where required] by the relevant ELT director for the disposal of the asset, where there is no longer a service requirement. This is not to be confused with ELT approval, which is required at a later stage.
- j. Cost of sales and any budgetary approval required
- k. Confirmation of deliverability of sale – where required. For example, if staff, public or other consultations are required, they need to have been completed and reported within the business case
- l. Finance and legal sign off

#### 4. Key points to note about business case reports

- Proposed sales that are not deliverable must not be submitted for approval
- ELT will reject reports that are not fully prepared and backed by the requirements set out above
- Key supporting documents must be attached to the reports seeking approval

All decisions to a disposal must be made in the following sequence:

1. Business case report to be prepared within the Place directorate and considered by Place DLT
2. Final version of Business Case report to ELT
3. ELT approval
4. Cabinet Member for Resources and Financial Governance or Cabinet approval, where required in line with section 9 of the Financial Regulations (attached)
5. Decision of ELT/Cabinet to be implemented by the Place directorate
6. Sale progress to be reported to ELT as part of a monthly sales update by the Place directorate

The Council will **not assume that** that capital, interest and other financial savings from a potential disposal have been confirmed until the asset has been sold and the net proceeds have been realised.

#### 5. Methods of Disposal



Disposals cannot be progressed until an ELT/Cabinet decision has been made.

Once determined that a property is surplus to the Councils requirements, all land and property assets which are released for disposal will be fully marketed with the exception of disposals to nominated and special purchasers (see below), which will be sold by private treaty negotiation.

Disposal of land and property can be undertaken in a number of ways and it is for the Council to determine the most appropriate sales mechanism for their asset, but potential approaches include:

- **Formal Tender** – where the sale is publicly advertised and tenders submitted by a given date.

- **Informal or Negotiated Tender** – where informal tenders are invited by a given date subject to contract. Negotiations may continue after tenders are received, with the possibility that different bidders may compete to offer the most advantageous terms. This approach enables the seller to continue to negotiate after the closing date for tenders to ensure the best possible terms and outcomes.

- **Public Auction** – where land is sold through an open auction, available to anyone. Sales will be publicly advertised in advance. Auctions have the advantage of being open, competitive and allow for transactions to be completed quickly.

- **Private sale** – where the sale of land is negotiated with one or a small number of potential buyers at a price agreed between the parties. Private sale has the advantage of being straightforward, but is likely to be appropriate only in certain circumstances (for example for smaller lots of land, where sitting tenants have rights to purchase and also farm tenants, etc.).

## 6. Disposals to Special Purchasers

The Council may dispose to purchasers to whom a particular asset has special value because of advantages arising from its ownership that would not be available to general purchasers in the open market. Such 'special purchasers' will include adjoining owners and parties with an interest in the property where a disposal will release additional, or marriage value, to be shared with the Council. In some cases it could also include existing tenants.

In such off market disposals will be subject to an independent valuation to demonstrate that offers received are in line or better than the best value

## 7. Best Consideration – definition

The disposal of any Council owned asset is subject to achieving "Best Consideration" either in line with s123 of the Local Government Act 1972 or s233 of the Town and Country Planning Act 1990 where land has previously been appropriated for planning purposes.

There are exceptions where a disposal at less than best consideration can be permitted, where the variance does not exceed £2m if there are clear economic, social or environmental benefit in line with the terms of the General Disposal Consent (England) 2003 or otherwise where the Secretary of State has provided a specific consent on the basis of a Council request.

It will be the responsibility of the Place directorate to ensure that the Best Consideration is achieved on all asset disposals

## **8. Subsidy Control**

It must be noted that disposals by any UK public body need to comply with the Subsidy Control rules (superseding the State Aid regulations) – legal advice may be required to determine the State Aid implications of disposals and it will be the responsibility of the Place directorate to ensure subsidy control rules are complied with.

## **9. Implementing this strategy Asset Strategy Resource Requirements**

Any closure and disposal programme will require a separate budget and resource to be set up to allow the correct process to be followed and undertaken in a timely manner. Whilst the disposal costs (up to 4%) can be capitalised against sales receipts, there will need to be a budget made available to allow works to be carried out, specialist advice and if appropriate, planning consent to be obtained. All properties should ideally be externally valued as part of the “best consideration” approach but in certain circumstances an internal valuation undertaken by a suitably qualified RICS registered valuer may be acceptable.

It should be recognised that capital expenditure to allow relocation of staff, both for the physical move and any new facilities, will be required and a suitable budget should be established for asset rationalisation work as part of the strategy.

Given the initial number of assets identified and the complexity of some of the closures, a specific resource should be identified to project manage the process internally to ensure that it can be progressed and monitored properly with the necessary governance being followed.

The attached spreadsheet identifies initial budget costs against each project but these will need to be developed further as part of the project management process.

## **10. Types of Corporate Assets**

The Council’s Corporate property portfolio is made up of a range of property assets that support the Council’s delivery of services and key objectives. The property portfolio can be broadly broken down into the following categories:-

- Operational – held to support service delivery
- Investment – held for financial return
- Community – support residents or provide recreation and increasingly to support delivery of services
- Education – Schools and other learning facilities
- Surplus – awaiting disposal, re-development or alternative use

The Interim Asset Disposal Strategy will not just focus on the surplus properties but will also consider the Council's wider property requirements so that other opportunities for consolidation and disposal or for a more viable alternative use can be considered.

It is important to recognise that any assets that become surplus may provide a viable operational solution to another element of the Council. Therefore when considering the disposal of any corporate buildings that have become surplus for the current operational requirement, details are forwarded to all directors (including plans and planning details) so that they have an opportunity to consider their suitability for alternative service requirements. These assets are only declared surplus and ready for disposal once they have been through this process. Any interest that is raised by service areas will be considered for suitability/viability and budget availability before a decision is taken.

## **11. HRA Surplus land**

In addition to the corporate assets it is important that the Disposal Strategy sets out how the Council intends to release all surplus assets including those in the HRA especially where they have already been identified as potential redevelopment sites for disposal to Brick by Brick.

Subject to the ongoing review of Brick by Brick, the Council may decide to dispose of some of the sites within existing pipelines.

Such disposals will be subject to the approval of a full business case by ELT.

## **12. Public Open Space, Highways and Common Land**

The disposal of land which is, or forms part of an area of Public Open Space, Highways Land or Common Land, is subject to special rules and procedures. Before disposing of such areas, the Council is obliged to publish the intention to dispose and consider any representations which are subsequently received and in the case of Highways Land additional consents or Notices may need to be issued. The provisions regarding the disposal of Common Land require consent from the Secretary of State and replacement land to be made available where the area of land to be sold exceeds 200m<sup>2</sup>.

### **13. Corporate Assets – definitions**

The disposals will fall within seven main categories:

- Surplus vacant sites to include properties in disrepair and surplus tenanted properties – Quick wins
- Surplus assets released by service areas or tenants
- Corporate offices
- Sites currently used for delivery of services but under utilised
- Sites requiring public consultation
- Income producing assets
- Housing Sites
  - Sites where BBB have already obtained planning consent
  - Pipeline sites/subject to planning application

### **14. Corporate sites – potential disposals**

The following pages set out some disposal options.

Please see appendix 1 for more detailed comments for each of the proposed sites with estimated revenue and capital savings.

#### **14.1 Surplus vacant Sites**

The Council has some sites where the previous use has been ceased and the buildings vacated and either demolished or boarded up as there are no suitable uses. They are therefore generally vacant land or have buildings that are in need of major refurbishment or structural works which means that they are best suited for redevelopment. Whilst some may have previously been considered for Council led redevelopment projects these have not come forward as viable schemes and most of the sites have now been vacant for many years.

Whilst holding costs in many cases are fairly modest, keeping these sites vacant can offer a security risk or be a source for anti-social behaviour and therefore a reputational issues. Disposal and redevelopment would provide a much more positive outcome for the local area and help generate new homes in many cases.

Consideration should be given to whether the Council should initially seek a planning consent for the site. This may help achieve a higher value but will inevitably delay the disposal and incur considerable up front cost. In many cases this is not seen as a viable option and rather than adopting this approach for all sites, each disposal will be considered on its own merits to reflect the nature of the site, holding costs and need for disposal. If planning is not secured consideration will be given to securing any significant uplift in value through the inclusion of an overage provision.

Consideration has been given to the immediate sites that have been identified for potential disposal and it is recommended that the following sites are disposed of as quickly as possible. The method of the disposals will usually be through auction or

using local agents to ensure the best value is achieved. Where appropriate, discussions with the Planning Authority have taken place to inform likely future uses.

#### **14.2 Surplus Assets Released by a Council Service or Commercial Tenants**

As service requirements change over time, some buildings are released as they are no longer fit for purpose or required for the original service use. These are generally in reasonable order and have recently been vacated. They may be suitable for re-use, conversion or redevelopment. Prior to consideration for disposal, alternative service uses will be considered through the process outlined above. All assets listed below have been declared surplus through the existing disposal process and are therefore suitable for early disposal.

For tenanted assets that have been vacated, consideration will first be given to the possibility of re-letting them to generate income which may help maximise asset value if they are considered for disposal. However, where the sites are likely to generate low rental returns and capital values for vacant sites are considered to be higher than let sites, these should be considered in the first instance for sale.

#### **14.3 Corporate Offices**

The Council's corporate office strategy is to consolidate the number of offices that are used as a head office type function. Over the last 8 years around 15 sites have been vacated and the Council's corporate office function centred round Bernard Weatherall House (BWH). Changes in working styles to adopt a 3:2 desk ration has allowed some surplus space to be created and this has been absorbed through letting space within the building to partner organisations and private companies to generate additional income.

With the increase in home working opportunities and delivery of services using different methods and media, further consolidation of office space has become possible. Whilst there are few outlying offices remaining, where these exist consideration has been given to their closure and relocation of staff to BWH or provision of face to face services from other hub buildings.

Whilst the impact of Covid-Safe building requirements may currently limit some of these relocations, once these restrictions have been lifted, opportunities will arise for further relocations into BWH and the proposed office strategy builds on this and the more flexible working and service provision styles.

#### **14.4 Underutilised Assets**

Due to changing service delivery and demands, there are a number of assets that are not fully utilised and buildings could be released and those retained invested in and more intensively used. Key assets within this category include Youth provision

as two new facilities, the centrally located Legacy Youth hub in Whitehorse Road and the new Timebridge centre in New Addington, have recently opened.

#### **14.5 Sites Requiring Public Consultation**

With a requirement to deliver more services for less the Council also needs to look at some of its assets currently used to deliver services to see whether an acceptable service can be delivered from less locations. The key area of consideration is focused around libraries. Whilst the Council have a statutory duty to provide a suitable library provision, we currently have 13 libraries and therefore it would be possible to consolidate the provision. Prior to the closure of any libraries it is a requirement that formal public consultation is required and for this reason, any such closures are likely to be deferred for at least 12 months.

#### **14.6 Income Producing Assets**

The Council have adopted an Investment Strategy to acquire and hold properties to specifically to produce income to support wider service delivery. However there are also a number of historic assets that the Council have acquired that produce income. If capital receipts rather than revenue income are considered to be more important than some of the assets that produce lower income levels could be considered for sale.

Consideration could be given to the sale of the recently acquired investment assets. Although these assets were purchased with a long term view to value but it is now important to consider possible early disposal where this makes commercial sense.

#### **14.7 Housing sites**

These sites form part of the ongoing review of Brick by Brick (BBB), so are not immediate disposals. The previous Asset Strategy identified a large number of surplus or underutilised sites that could potentially be used for housing development. These were investigated and brought forward through Brick by Brick and many have now been successfully developed. This process was then continued and BBB put forward further pipeline sites. Some of these have now obtained planning consent whilst others are still at the feasibility stage but with the decision not to transfer over any new sites to BBB following the recent reviews these should now be considered for potential sale to private developers.

Many of these sites were not viable for BBB to develop due to the requirement for them to deliver a high level of affordable housing even for the smaller sites that under the existing planning guidance would not require any affordable units to be provided. Private sale of these sites may therefore prove to be desirable to generate capital receipts albeit at the expense of the number of new affordable homes coming forward.

It is therefore recommended that a detailed piece of work is carried out to assess the potential of all of these sites and bring forward those that, on a purely commercial basis are likely to provide a capital receipt. Any sites that are likely to be marginal or too controversial should not be taken forward and considered for sale at this point.

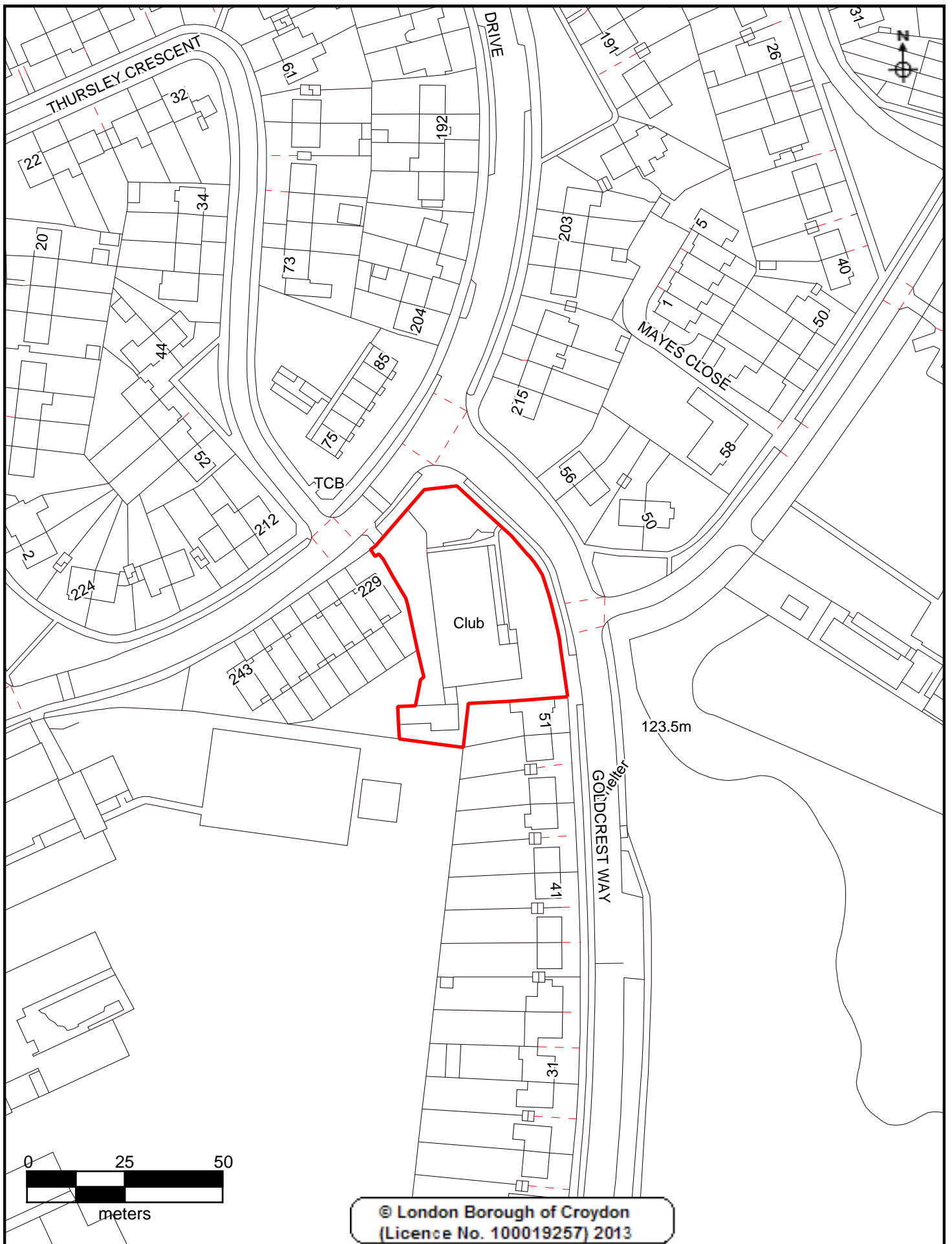
For the larger sites the development options need to be carefully considered as to whether an outright sale is preferred or a possible Joint Venture option to potentially secure a higher capital sum albeit at a later date. It is recommended that for the larger sites further specialist advice is obtained from tier 1 specialist firms.

A separate piece of work is currently being undertaken to review all the BBB sites that have not already been transferred to BBB including those where contracts may have already been entered into with developers. The assessment will determine whether it is more appropriate to transfer these sites to BBB or look to terminate the contracts and dispose of them to a third party developer.

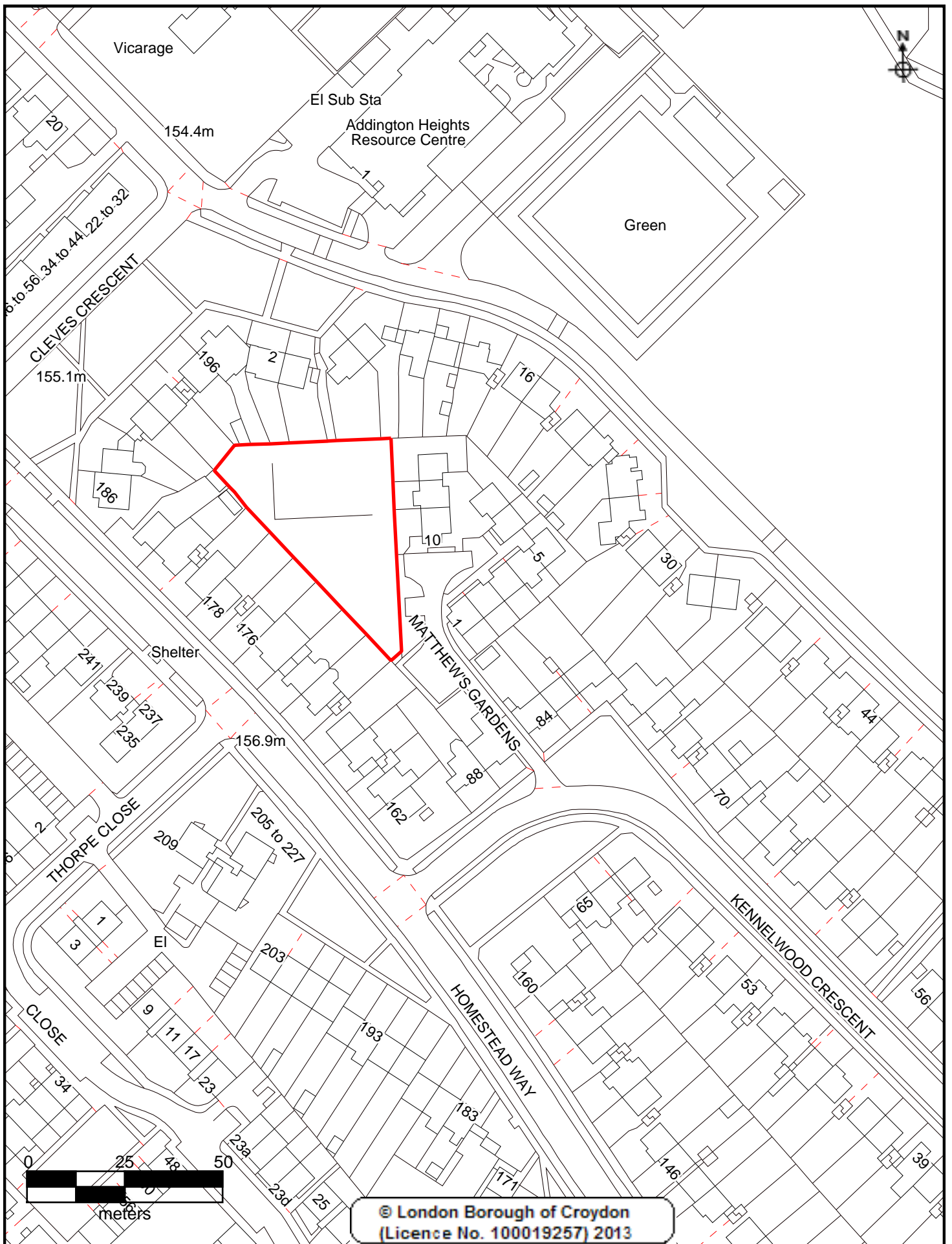
The proposal for the potential wider site disposal will look at options around straight disposal, enter into a development partnership with a private developer or housing association or not look to bring the sites forward

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